

Tour de Force: National Debt Clock Tour Earns Balanced Budget Commitment P2, P18



Taxpayer.com

From the President



Troy Lanigan
tlanigan@taxpayer.com

National Debt Clock Ticks Again

I want to acknowledge and thank each of you who gave a donation to make the National Debt Clock Tour possible. I am happy to report that despite a few bumps along the 10,000 kilometre cross-country journey, we came in on time and under budget. As an aside, we estimate forking over \$1,600 in gas taxes – call it the CTF's contribution to reducing the deficit!

I also want to thank all of you who came out to see the clock – supporters, media, public at large – to take a photo, meet our staff, sign a petition. Many of you also downloaded our debt clock widget, blogged, Facebooked, Tweeted and forwarded e-mails and videos promoting the campaign to end runaway deficit spending. However, three members of our team deserve special recognition.

National Field Manager Rod Cunningham is responsible more than anyone else for putting the clock on the road. From the front bumper of the SUV to the back bumper of the trailer – and everything in between – Rod logged many hours and miles negotiating and arm twisting to bring this powerful visual to life.

Speaking of hours and miles, our National Communications Manager Scott Hennig was with the clock – with only a small break in the middle – from beginning to the end. Through early mornings, late nights and more lumpy couches and Tim Horton's subs than he cares

to remember, Scott gave the tour substance.

Finally, 156 of you generously sponsored name plates on the clock. Incredibly, fully one-third of those sponsorships were the product of an outstanding effort by a single field service representative, Don Wolff. Don also found our three major sponsors for the tour: PWM Steel in Lloydminster, Ventures West Transport in Fort Saskatchewan and Myshak Sales and Rentals in Edmonton. Don was responsible for raising \$27,500.

The last time we toured the clock in the mid-90s we helped put an end to 27 consecutive

deficit budgets. Nearly one-third of our tax dollars were going to debt interest. Thirteen years later we are bound and determined to not let history repeat itself, federally or in the provinces.

On April 8th Prime Minister Harper made the commitment that if re-elected, a Conservative government would balance the federal

budget in 2014 – a full year ahead of schedule. Importantly, that policy would be achieved through spending reductions and *no increase in taxes*.

It's now our job to see that commitment through. But as highlighted on page 18 we are well on our way. We continue to demonstrate the difference citizens of sound principle and firm resolve can make in shaping the future of our country. Let's continue to move forward. ♦



L to R: Rod Cunningham, Don Wolff, Scott Hennig

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The Cover:



National Debt Clock Tour

In the lead up to the 2011 federal election the CTF toured its restored National Debt Clock from coast-to-coast and earned a commitment from Prime Minister Harper to balance the federal budget by 2014.

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Debt Clock: www.debtclock.ca

Letters-to-the-editor

On p28, column 2, you state “examine how half a million tax dollars are spent running parliament each year.” Were it true it would be an unbelievable bargain as I am sure you would agree! Of course this should read ‘per member’ shouldn’t it? Yes, we all wonder what they do with all this expense money.

How is the auditor’s audit going? When will a report be available do you think? We need to keep on top of this.

Keep up the good work of shining a searchlight into the morass of government waste!

M. T. Newhouse MD
Hamilton, Ontario

ED: The auditor’s report examining parliamentary spending is expected to be submitted to the Board of Internal Economy shortly after the election. Stay tuned!

Troy is bang-on when he suggests “the air coming out of global warming alarmism.”

A great example comes from France. *Bloomberg News* reports that France’s state-owned power company has made commitments to pay 546 Euros/mega-watt-hour for solar powered electricity, when the market price for electricity from conventional sources is 55 Euros/mega-watt-hour.

This has resulted in a flood of applications for connecting solar panels to the electrical grid to reap the benefits of these subsidies. Many French farmers are finding that it is more profitable to cover their land in solar panels than it is to grow food. The estimated cost to keep these commitments will be



1.3 billion Euros/year more than originally anticipated.

A statement made by an official from the company pretty much sums up what all governments that have made similar commitments will be saying: “We just didn’t see it coming.”

Jason Hall
Regina, Saskatchewan

We very much enjoy *The Taxpayer*, the only concern is that it makes our blood pressure go up!

Stella Van Hooren
Battleford, Saskatchewan

Debt Clock

I would like to see the Debt Clock on Parliament Hill. If politicians expect individual Canadians to control their spending, they need to lead by example. Don’t spend unless you have the money (and not in increased taxes) and pay down your debt. It is the fiscally responsible thing to do.

Tilly Dykstra
Fonthill, Ontario

An excellent way to get the required attention to the situation, since most Canadians have no idea how large the debt is.

I look forward to your coming through Quebec and will make a donation to the campaign.

Yves Ross
Victoriaville, Quebec

I am excited about this campaign – as well given its success in the past – and have made a donation for \$250.

As part of the effort to highlight overspending I would really like to see the CTF focus a lot more attention on two key areas that are adding to federal and [provincial] debt levels. First, the bloated size of the public service and second,

Letters-to-the-editor

Letters may be edited for length, content and clarity.

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their gold-plated defined-benefit pension plans. I hope to one day see these issues on the front-page of every newspaper in the country.

*Brent Cunningham
Ottawa, Ontario*

I am long time supporter of the CTF but do not support the debt clock. I am much more interested in spotlighting wasteful and unnecessary spending and lack of efficiency in the civil service than I am in curtailing spending at the expense of the sick, poor and homeless. I think a gimmick like the debt clock tends to undermine the credibility of the CTF.

*Everett Paynter
Calgary, Alberta*

Federal arena funding

While I'm pleased the Conservatives will not fund a professional sports arena in Quebec or anywhere else, it remains that government has grown far too big and far too intrusive. It is time they lived up to their Reformist roots and cut the cost of government. The Harper government has over spent in three years all the savings in debt reduction of the previous 11. What a waste.

*Tony Brogan
Victoria, BC*

Come on CTF!
You want me to commend Harper because he is refusing to build an arena in Quebec? Is Harper not the leader of the federal gov-

ernment whom you say wiped out 11 years of debt repayment in less than three years?

*John McMahon
Grimsby, Ontario*

Senate junk mail

I am deeply troubled that an un-elected body chooses to send 'junk mail' political mailings to others or blanket mailings to any Canadians. This should be paid for by the political parties, not the taxpayers of Canada.

As a staunch Tory for all of my adult life, I have been deeply troubled over the past five years with the 'shenanigans' that have taken place and the promises that have been broken.

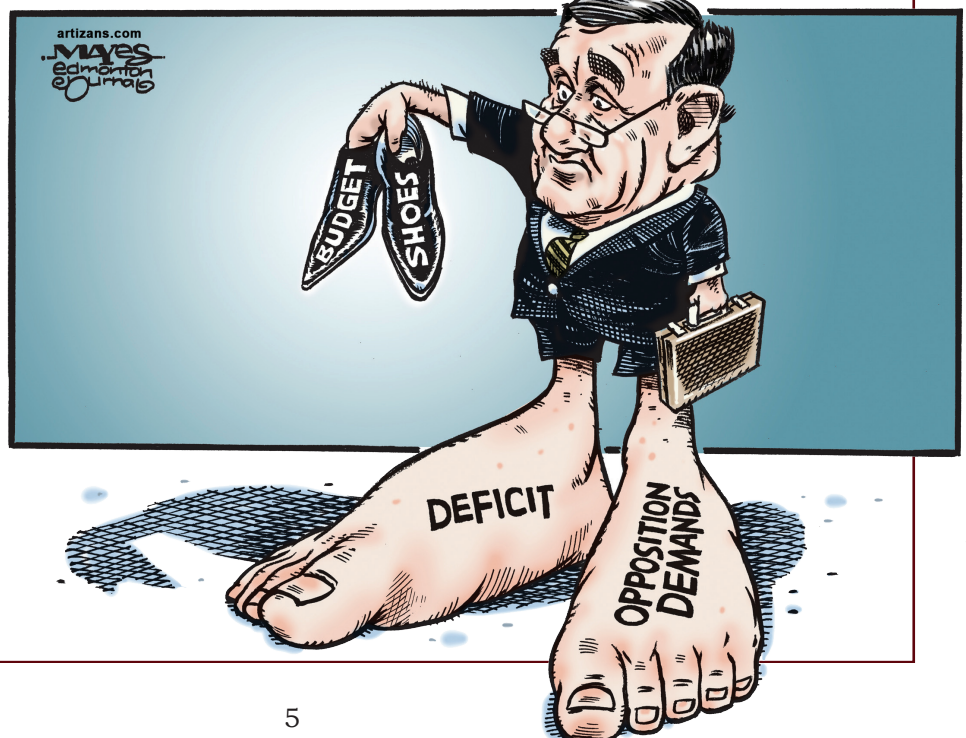
It is no wonder that politics and politicians suffer disrespect in this country. Integrity seems to have vanished.

*Mac Anderson, CA
Brooks, Alberta*

Stay out of partisan politics

If CTF really does keep its hat out of the partisan arena you can be certain of my support for a long long time. :)

*Thomas Hinds
Calgary, Alberta*



Stimulus program flops on job creation

In response to rising unemployment, the Infrastructure Stimulus Fund (ISF) was launched in 2009 with a single goal in mind: job creation. In a follow-up to evaluate the impact of the \$4 billion ISF program on jobs, Parliamentary Budget Officer (PBO) Kevin Page commissioned a survey of program fund recipients. Contrary to government spin, the survey gave the ISF poor marks on creating jobs.

Respondents felt the program was generally well administered, but opinions were mixed about job creation. Over 63% of respondents felt the program's impact on unemployment was either neutral (43.3%) or negative (20.6%). Only 33.3% felt the program had a positive impact on jobs. Page commented, "It doesn't score well on the employment side. You're spending a lot of money and it's not creating very much in terms of jobs."

Of the respondents, almost half were municipal administrators, 15% were engineers, 14% were financial administrators and the rest were directors, managers, executives or planners.

This comes on the heels of a Fraser Institute study which questions the impact of stimulus spending. "Did Government Stimulus Fuel Economic Growth in Canada?" concluded that government stimulus spending had virtually no impact on economic recovery in Canada in the second half of 2009. The real drivers of growth turned out to be increases in private consumption and business investment. To the government's credit, the small amount of tax relief included in the Economic Action Plan did help fuel the real drivers

of growth, but not by much, given the small scale of the tax relief.

With files from *The Globe and Mail* and *Fraser Institute*

It wasn't supposed to work this way

Most are aware of some outrageous salaries paid native politicians uncovered by the Canadian Taxpayers Federation. The highlight of CTF findings was the pay for the chief and three councillors of Glooscap First Nations in Nova Scotia that totalled \$1.7 million. The chief raked in \$243,000 and another councillor earned \$978,000 – tax-free.

After seeing those numbers, nearby politicians of the Indian Brook First Nation figured they were due for a salary increase themselves. Councillors sought to increase their \$30,000 tax free salary to \$50,000 and the chief's \$50,000 salary to \$80,000.

Unfortunately for these politicians, their band is involved in a deficit reduction program with the Department of Indian Affairs which may kibosh their plans.

With files from *CTV News*

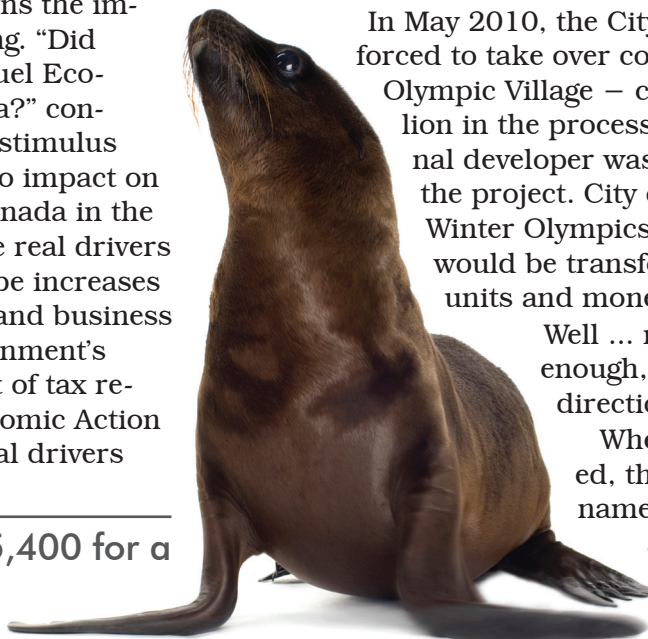
Worthy of an Olympic gold

In May 2010, the City of Vancouver was forced to take over construction of the Olympic Village – coughing up \$740 million in the process – when the original developer was unable to finance the project. City officials said once the Winter Olympics were over, the village would be transformed into elite condo units and money would flow.

Well ... money is flowing sure enough, just not in the right direction!

When the Olympics ended, the project was re-named Millennium Water and condo units put up for sale. But according to reports

It only costs \$155,400 for a "trained seal."



by January 2011, the price of some units were slashed to half their original value with an average discount of 30%. At this point, everyone – except city officials – knew there was trouble.

In an April report, city officials said they now expect to lose \$50 million. At that time there were still 340 condos to be sold, which must sell for at least \$1 million each to achieve the \$50 million loss. With most of the less expensive units sold, those in the know say it is highly unlikely the remaining units will be sold at those prices.

City officials also failed to include one small item in their calculations – namely the \$178 million spent to buy the land.

The best case scenario is the city will lose \$230 million on the project, but more likely the figure will be much higher. As it stands now, it is the biggest boondoggle in Vancouver's history – worthy of an Olympic gold.

With files from the *Globe and Mail*, *CBC News*

Scam skims \$16 million from BDBC

Paul Kirchner, an employee for the Business Development Bank of Canada (BDBC), which provides loans to small business was fired when it was discovered he handed out \$16 million in loans to bogus companies.

In court documents filed by BDBC, Kirchner is described as a “vital cog” in a series of scams that saw him rubber stamp 35 loans to bogus groups and businesses. BDBC alleges Kirchner received kickbacks on the loans – a claim Kirchner denies.

The recipients included mortgage brokers and accountants who backed fake companies complete with fake financial records. Since the

BDBC loans are often dispersed to pay for equipment, the group apparently created fake invoices of fake companies selling non-existent equipment. Photos were even provided to confirm the equipment purchases.

As a senior loans manager, Kirchner ensured the accuracy of loan applicants and verified equipment purchases.

The loans handed out between 2006 and 2008 ranged in size from \$50,000 to \$1.05 million.

With files from the *Toronto Star*

Busted for cucumbers

Imagine growing cucumbers in your basement only to have local bureaucrats bust in under suspicion you were growing marijuana.

Now imagine being handed a \$5,200 bill for inspection even though no wrong doing was discovered.

If it sounds too twisted to be real, think again. According to a *PostMedia News* story, bureaucrats in Mission, B.C., suspected local 67-year old resident Len Gratto was growing marijuana in his basement.

Apparently they had a picture of dirt on the wall in his basement and another one of his furnace pipe connected to – wait for it – his furnace.

They then searched his home, discovered nothing but cucumbers and left him with a bill for \$5,200 to cover the cost of their inspection.

What's worse is that it wasn't an isolated case. Other innocent taxpayers have suf-



At \$238 million it's just the tip of the proverbial iceberg.

ferred similar problems, including a case where someone was fined for high mould readings discovered during an inspection.

Thankfully those innocent taxpayers are fighting back with a class action lawsuit. We wish them well.

With files from *PostMedia News*

\$407,000 severance for retiring

When Christiane Ouimet, the federal government's public sector integrity commissioner got wind the auditor general was releasing a scathing report of her tenure, she resigned in October 2010.

The auditor's report – released in December – said she did not do her job properly. During her three-and-a-half year term she only investigated five of the 228 complaints given her office. She also bullied her staff resulting in a high staff turnover rate.

Even though she resigned on her own accord, the federal government still paid her a whopping \$407,000 severance, made up of a \$354,000 severance and \$53,000 miscellaneous claims and benefits. The payout also included a confidentiality agreement.

Many called for the government to rescind this payout since she not only resigned, but had not done the job she was hired to do.

Ouimet is also still eligible for her government pension.

With files from *CTV News / PostMedia News*

Can't make this up

Their 2010 provincial budget shows a five year plan to run up over \$2 billion in deficits, yet the Manitoba government now plans on

telling Manitobans how to avoid racking up debt.

Yes, according to a government news release, the NDP's central planners in the prairie province are “launching a strategy to help Manitobans make informed decisions about managing their finances and avoiding debt.”

The initiative seems to be focused on helping those that have become dependent on payday loan companies. Ironically, the government's dependence on federal transfers has grown substantially since the NDP took office.

With files from the CTF

Convicted fraudster still collects government pension

Former Senator Raymond Lavigne resigned his senate seat this past March after being found guilty of using senate staff to perform hundred of hours of work on his private property and submitting over \$10,000 in invalid travel claims. He could receive a maximum jail sentence of 14 years.

His resignation came just prior to a senate debate calling for his removal.

As a senator, Lavigne earned \$132,000 per year and will now settle for a pension estimated at \$79,000 per year. The CTF has stated politicians convicted of work-related offences should not be allowed to collect their gold-plated pensions.

With files from *Winnipeg Free Press*

Expensive trained seals

Your federal MP earns \$155,400 per year. So what does your local politician do to warrant such a salary?

Well, according to a recent report entitled “It's my Party: Parliamentary Dysfunction Reconsidered,” not much. The report was published by a research organization called Samara that focuses on democratic issues.

Samara surveyed 65 retired MPs and party leaders to determine how they viewed their



Image: Boris Malagutski/Wikipedia

A gold medal for Olympic waste.

role in Canada's Parliamentary system. Here is what they had to say:

- They criticized the strict party discipline that forced them to choose their party's interests over their constituents;
- They said Common's debates were staged by party leaders and they likened an MPs role in Parliament to that of a "trained seal;" and
- Many indicated political parties were the root problem in Parliament.

Former Liberal MP Andrew Telegdi from Ontario said: "The Parliament desperately needs parliamentary reform."

With files from CTV.ca

The tip of the iceberg

Regina taxpayers woke up to find their city's government employee pension fund \$238 million in the hole. Simply, retirees are taking out more money in benefits than what they contributed – a chronic problem with government defined-benefit pension plans.

In an effort to shore up the plan – which has been running into problems for years – employee contributions were hiked to 10% of their salaries matched by taxpayers.

However, that still wasn't enough and unions now want taxpayers to kick in even more to keep the plan solvent. The five unions representing employees propose a 14% contribution rate for employees matched by the city. This would require the city to cough up another \$3.8 million annually. The city said such an increase would require tax increases or service cuts. However, there are concerns this short-term fix would not actually solve the problem.

The city says the plan needs major restructuring and has put forward a number of major reforms including:

- Removal of overtime

pay in pension calculations. This resulted in some employees receiving pensions higher than their base salaries;

- Increasing the number of years used to calculate pensions from three highest paid years to five;
- Limiting early retirement privileges. Currently employees can retire early with full benefits provided their years of service and age equal 80. The city wants this increased to 85; and
- Eliminating annual cost of living increases in the plan and replacing it with an ad hoc system.

Unfortunately, this represents just the tip of the proverbial iceberg for government defined-benefit pension plans across the country.

With files from the *LeaderPost*

Bureaucrat superhero

Florida officials are investigating the waste of tax dollars at an unemployment agency. The agency initiated a unique campaign to fight unemployment. It featured a bad guy "Dr Evil Unemployment" who of course needs to be defeated. And what better way to defeat him than with a myriad of superheroes.

With that in mind, the agency handed out 6,000 "superhero red capes" to unemployed people (no we are not making this up) so they could pretend they were fighting "Dr. Evil Unemployment."

Unfortunately, the \$14,000 price tag was not pretend.

Cynthia Lorenzo who works for the Florida government said she would look into this campaign which she said "appeared to be insensitive and wasteful."

You think?

With files from www.dailymail.co.uk



\$5,200 fine for growing cucumbers?

you the taxpayer ASKED FOR IT...

Gui Oswell of Hillmond, Saskatchewan asks: have Canadians benefitted from the bailout of Chrysler and General Motors? Have the auto makers paid back the taxpayer-provided bailout they received in 2009?

Canadians have benefitted from the government bailout of General Motors.

Unfortunately, it is very few Canadians: the bankruptcy lawyers, the trustees and the investment bankers involved in the company's Chapter 11 filing have billed \$1.2 billion for their work on the insolvent automaker since it went under in 2009.

"New" General Motors went public, again, last November, in a \$23.1 billion IPO (Initial Public Offering) that was the biggest in U.S. history. And stripped of high-priced union contracts that pushed its average hourly wage bill to \$76, New GM posted a profit of \$4.7 billion in 2010.

Bailing out GM in 2009 cost the U.S. government \$41 billion and the Canadian and Ontario governments \$9.5 billion.

Since then, GM has repaid \$8.1 billion in loans. The remaining debt was converted into shares of GM.



Gregory Thomas

When the company went public in November, the Canadian, Ontario and U.S. governments and the United Auto Workers union sold stock worth \$23.1 billion. Canada recovered over \$1 billion in the stock sale, cutting its stake in GM to 9%, while the U.S. government's holdings dropped to 33%.

Since then, under a court order issued in March, governments got even more shares in "New GM" reinforcing the company nickname, Government Motors.

And why are taxpayers getting even more shares of GM? As compensation, for another \$1.2 billion in cash, paid to settle all of the remaining obligations of the old, now-defunct GM, renamed Motors Liquidation Company. The biggest outstanding bill: \$773 million to clean up 89 contaminated pieces of property in 14 U.S. states.

Taxpayers shouldn't worry, we're told, that the \$1.2 billion in extra bailout money matches the \$1.2 billion paid to the insolvency lawyers and accountants for working on the bailout. That's simply a coincidence.

With the stock market placing a value of roughly \$50 billion on the company, the Canadian shares are worth

about half what the governments are owed. That's better than nothing, but taxpayers would still take a bath – a \$4 billion bath – if Ottawa and Queen's Park sold the remainder of their stake now.

Tony Clement, the Conservative industry minister, told the *Finan-*

“With the stock market placing a value of roughly \$50 billion on the company, the Canadian shares are worth about half what the governments are owed.”



cial Post that it's better for Ottawa to hold on to the shares it has now: "we want to protect the investment by as much as we can," he said. "We listened to the investment advisors who have a lot of experience in the marketplace. They have looked at the present value of the asset and they looked at the future value of the asset. What we have done is a very prudent balance ... (that) will maximize the investment for the taxpayer."

But what if the taxpayer – that's you – never agreed to buy General Motors in the first place? And since when does it make sense for the government to spend \$4 billion to buy a bankrupt auto maker?

Chrysler poses less of a problem for taxpayers. The company is looking for \$7 billion to pay back its government bailout money: \$5.7 billion to the U.S. government, and \$1.2 billion to Canadians. Uncle Sam's share of Chrysler stands at 8%, while Canadian taxpayers own 2% of the company. The biggest stakeholders in Chrysler are retired auto workers: their health care trust owns a staggering 55% share, reflecting the role of runaway health care costs in bankrupting a once-profitable operation.

Chrysler's problems provide the best example yet of how taxpayers get fleeced when politicians bail out big business: one chapter of the Chrysler bailout involved the U.S. treasury lending \$3.5 billion to a unit of Cerberus Capital, the Wall Street private-equity fund that owned

“At the Canadian Taxpayers Federation,

we fought the bailout from the beginning. We will stay on the case, fighting to make sure that taxpayers recover every possible dollar from this boondoggle and working to make sure that bailouts like GM and Chrysler never happen again.”

Chrysler, in exchange for 40% of Chrysler's leasing business Chrysler Financial. Cerberus then persuaded the Treasury department to sell its shares back for \$1.9 billion, before flipping the entire operation to TD Bank for \$6.3 billion.

U.S. taxpayers were left holding the bag.

The score in that game: Wall Street \$1.6 billion, taxpayers 0.

So Canadian taxpayers are not out of the woods yet on the auto bailout, not by a long shot, no matter what reassuring words we hear from Ottawa. At the Canadian Taxpayers Federation, we fought the bailout from the beginning. We will stay on the case, fighting to make sure that taxpayers recover every possible dollar from this boondoggle and working to make sure that bailouts like GM and Chrysler never happen again. ♦



Want your CTF to tackle a question? Ask for it by e-mail at: research@taxpayer.com

Indigenous & Independent

by Joseph Quesnel

Human Rights on Indian Reserves



Human rights laws are a mixed bag at best, but sometimes they can be used to counter legitimate government discrimination. As of June 18, 2011 we'll begin to find out for sure.

That's the day the *Canadian Human Rights Act* comes into effect on Canada's over 630 First Nations. In June 2008, the federal government passed Bill C-21, a piece of legislation that repealed a section in the *Canadian Human Rights Act* (Section 67 specifically) that excluded Natives under the *Indian Act* from human rights protection.

The exemption had been in effect since 1977, but the Conservative government got around to repealing it. The law applied immediately to the federal government, so band residents could file claims against Ottawa right away. However, the repeal did not apply to band governments or tribal council until after a three-year transitional period. Well, that period is over come this June.

This is serious given that the repeal of section 67 will affect many areas of policy, band bylaws, regulations and behaviour. Thus, it could potentially revolutionize band governance. Or at least it is hoped.

According to data from the Canadian Human Rights Commission, the repeal will likely affect band membership codes, band council elections, custom leadership selection codes, bylaws made under Section 81 of the *Indian Act*, management of monies held in trust of bands, land management and allotment decisions, access to band programs and services (including housing, education, and social assistance) and finally, infrastructure decisions related to access for people with dis-

abilities.

At the Frontier Centre for Public Policy where I work as a policy analyst, we will be closely watching as this law comes into effect and how it impacts reserve life.

One problem we identified with this legislative change was the existence of an interpretive clause attached to the law which would direct anyone deciding these human rights cases to balance individual rights with Aboriginal collective interests.

Our concern is this clause could easily be used to dilute individual protections in favour of band interests. The hope is the case law develops in favour of the individual. First Nations already have so many collectively-defined rights and identities, is it too much to ask for one buffer against government power?

Our other concern is that the human rights protection does not evolve into entitlements on governments to provide for citizens. A concern with rights protected by judges and tribunals is the tendency to enlarge the state and create benefits for citizens that did not exist before. That would be a

“First Nations already have so many collectively-defined rights and identities, is it too much to ask for one buffer against government power?”

Indigenous Independent

by Joseph Quesnel

“Right now, First Nation citizens must wade through Indian and Northern Affairs Canada bureaucracy or file with the RCMP if there are concerns about governance problems or human rights abuses.”

very negative and costly development.

One significant positive change would be a sense among band residents that human rights must now be respected, knowing that claims can be filed against band governments for violating human rights. Individuals would learn that elected leaders cannot do whatever they want and that recourse to a higher authority exists. This will hopefully lead to band leaders behaving differently.

Right now, First Nation citizens must wade through Indian and Northern Affairs Canada bureaucracy or file with the RCMP if there are concerns about governance problems or human rights abuses.

Average band members discovered that they often faced obstacles in accessing financial data, including chief and councillor salaries. They could not rely on the good will of politicians. Legislation (and the great work of the CTF on this file) eventually will lead to transparency by law.

The problem will likely be in educating band members about their new human rights protections. An internal study by the Assembly of First Nations (AFN) in March 2011 found that less than 2% of band staff had good knowledge of the coming human rights legislation.

Not surprisingly, the same study mentioned a 2009 study that showed more First Nations were familiar with the United Nations Declaration on the Rights of Indigenous Peoples, a non-binding document that is largely symbolic.

This is because the AFN and other Aboriginal organizations have focused so much attention on the non-binding UN Declaration and have ignored this bind-



ing Canadian law that can actually change band governance.

Typical of the AFN and others to prefer symbolism over actual results. It's also the case that the AFN and its representative chiefs stand to lose by introducing human rights legislation on First Nation communities.

Clearly, the task ahead will be for policy organizations like the Frontier Centre for Public Policy and watchdog groups like the Canadian Taxpayers Federation to let reserve residents know they have rights.

The AFN study mentioned above also argued that band governments lack capacity and infrastructure to accept all these complaints. This is understandable and Ottawa should help, but it should re-allocate existing monies better to accommodate the changes. The AFN should be educating band members about the changes instead of spending money attacking the government.

Regardless, let's hope these changes improve band governance for the better. ♦

A Metis, Joseph Quesnel is the former editor of the Winnipeg-based Aboriginal newspaper *First Perspective* (www.firstperspective.ca) and a regular contributor to the *Winnipeg Sun*. Presently, he works as policy analyst with the Frontier Centre for Public Policy in Lethbridge, Alberta.

Joseph is a long-time advocate for limited government.

The CTF has received a considerable number of inquiries concerning our position surrounding marijuana legalization. So, in late 2010, we included a question on our annual supporter survey. Of the 4,631 respondents, a plurality – 49% – said we should legalize and tax marijuana. On the other end – 31% – said marijuana use should remain illegal with laws strictly enforced. The remaining 20% took a position in between, mostly sup-

“Legalize it, control it and tax the livin’ hell out of it,” Senator Larry Campbell told the *Vancouver Province* back in 2007. While it’s a widely shared sentiment, there is no guarantee legalizing and regulating the drug would be a windfall for government coffers. Legalization could even lead to greater fiscal and social harm.

When California considered legalization, economist Rosalie Liccardo Pacula warned state legislators that legalization would drive down the price of the drug. The hefty proposed tax rate would encourage tax evasion and the black market, she told lawmakers. Taxing the ‘livin’ hell’ out of the substance could result in higher than expected enforcement costs in addition to the cost of regulating a legal market – similar to Canada’s ballooning illegal tobacco trade.

Pacula argued a lower price would increase consumption. Despite the potential tax revenue, higher consumption would increase social and fiscal costs. While marijuana is often promoted as benign, if not downright healthy, recent research shows that marijuana use is particularly harmful for young teens. Studies suggest that cannabis use among teens may lead to depression and precipitate schizophrenia in those already at risk due to personal or family history. Other studies have associated marijuana with lower grades, less sat-

“a lower price would increase consumption. Despite the potential tax revenue, higher consumption would increase social and fiscal costs.”

isfaction, with school and poor school performance.

Legalization would make marijuana cheaper and easier for youth to access. Increased consumption due to le-

galization could increase health care costs. A study by the Canadian Centre on Substance Abuse (CCSA) estimated that acute care directly related to cannabis in 2002 resulted in 58,575 hospital days at a cost of about \$73 million. Add to that another \$1.5 million in psychiatric hospitalization related to cannabis use. RAND Corporation researchers found that patients admitted with marijuana dependency had median length hospital stays two to three times as long as patients admitted for alcohol or other drug dependencies.

Legalization would have ripple effects on industry. The CCSA estimated the highest costs of substance abuse (including alcohol and other illegal drugs) were due to lost productivity. There are already concerns in construction and the trades about employees working under the influence and self-medicating with marijuana rather than seeking medical help for injuries.

There is no guarantee that legalizing and regulating marijuana will be an economic windfall for government. It would increase harm to young people and their families and could increase costs to industry and taxpayers. ♦



Peter Jon Mitchell, Senior Researcher, Institute of Marriage and Family Canada www.imfcanada.org



May



porting decriminalization. The three prairie provinces had the highest level of support for prohibition, while majorities in the rest of the country favoured legalization. The CTF has not taken a position on the issue although we are pleased to foster discussion and provide a debate on these pages. Want to join the discussion – E-mail: letters@taxpayer.com

Prohibition of marijuana is expensive. It is too expensive. What's worse is the policy does not work. When we realized how expensive and ineffective prohibition of

alcohol was, we made the reasonable decision of re-legalizing alcohol. We should realize the same is true of the prohibition of marijuana, and re-legalize it.

How expensive is the war on marijuana? I've crunched the numbers myself, and here are the results: The annual cost of enforcement of marijuana prohibition is between \$363.7 to \$382.7 million at the federal level (using 2009 estimates). Potential lost tax revenue, meanwhile, is between \$1.33 to \$3.06 billion per year (depending on tax rates). The total cost of the war on marijuana, therefore, is between \$1.7 to \$3.4 billion per year.

That's very expensive. And what did we get with the money we spent on this, that could have been spent on hospitals, roads, prosecutions of other crimes, paying down our debt or lower taxes? Not much. The Canadian government manages to seize less than 6.25% of all marijuana in Canada (50 out of 800 tonnes according to the Senate Special Committee on Illegal Drugs, and the RCMP's Drug Situation Report). That's pathetic.

It might be worth shifting our priorities in order to increase seizures if marijuana were a really danger-

“The annual cost of enforcement of marijuana prohibition is between \$363.7 to \$382.7 million ... lost tax revenue, meanwhile, is between \$1.33 to \$3.06 billion per year.”

ous drug. Is it? According to objective risk studies, and social cost of marijuana studies, the answer is “no.”

According to the Canadian Centre on Substance Abuse's The Cost of Substance Abuse 2002, the social cost of substance

abuse is approximately \$44.5 billion in 2009 dollars. That's a lot. Tobacco and alcohol, however, account for 42.7% and 36.6%, respectively, of that cost, leaving 20.7% for illicit drugs like marijuana. Eliminating enforcement costs of marijuana prohibition, the marijuana-specific estimate is at best approximately \$430 million per year. So we pay \$1.7 to \$3.4 billion to avoid paying \$430 million. That's not rational.

But even if marijuana were as dangerous as some would like us to believe, we should consider what happened in Holland and Portugal. In Holland, the government took a laid-back approach to marijuana and the result was a decrease in use. Surprised? Don't be. The very same thing happened in Portugal.

Marijuana prohibition is expensive. We're missing out on a great deal of potential revenue. Marijuana is not harmless, but it is not sufficiently harmful to justify our response. And experiences in some jurisdictions that have experimented with looser marijuana laws has resulted in decreased use. The rational thing to do is to re-legalize marijuana. ♦



Yea

Peter Jaworski, Director,
Institute for Liberal Studies
www.liberalstudies.ca

TAXfighter AWARD

The CTF presented its TaxFighter Award to former Alberta Premier Ralph Klein and former Alberta Treasurer Jim Dinning at a reception in Calgary on April 18th. Accepting on Ralph's behalf was his former chief of staff and close friend Rod Love.

The CTF earns most of its headlines holding politicians to account. Indeed, through-out most of Ralph Klein's 14 years as premier the CTF crossed swords with his government on many an issue, including gold-plated MLA pensions that Mr. Klein would later abolish. However, we also feel it is important to acknowledge where politicians do the right thing. Looking back on Mr. Klein's tenure, we decided that three specific policies warranted presenting this award, our highest recognition.

“these policies led to similar measures by an NDP government in Saskatchewan, a Conservative government in Ontario and a Liberal government in Ottawa.”

Speaking to an audience of over 200, CTF Chairman Michael Binnion outlined that when Ralph Klein was first elected premier in 1992, Alberta was facing a \$3 billion deficit and over \$20 billion in debt. Klein and his first finance minister, Jim Dinning, balanced the budget in 1994-95 after a decade of deficits. They did so by cutting spending, rather than hiking taxes. They made balanced budgets and debt elimination the law.

Importantly, these policies led to similar measures by an NDP government in Saskatchewan, a Conservative government in Ontario and a Liberal government in Ottawa. Canada's fiscal turnaround in the 1990s resulted in the country leading economic growth



(L to R) Award recipient Jim Dinning, CTF Board Chairman Michael Binnion, CTF President Troy Lanigan and Rod Love (accepting award on behalf of Ralph Klein)

Jim Dinning (L) talks with CTF board director Andy Crooks

among industrialized nations from 1997 to 2007.

Klein and Dinning also passed the country's first law to limit corporate welfare. The *Business Financial Assistance Limitation Act* prohibited new loans and loan guarantees from being issued without passage of specific legislation – ensuring full public debate before tax dollars were sunk into a project. Guess what? Tax dollars quit being sunk into projects.

Finally, in 2001, Alberta became the first, and still the only, province in Canada to have a single-rate income tax. This tax change combined with a very significant \$2.1 billion tax cut, gave Alberta the lowest overall tax burden as well as the simplest income tax system in Canada.

On March 31, 2005, in the middle of Alberta's 100th year, Ralph Klein's government retired the provincial debt, becoming the only



province in Canada to be debt-free.

The Klein-Dinning legacy was not without criticism. None is. But overall theirs is an example that sorely needs a renaissance in Canada and much of the western world. Importantly, these fiscal measures were popular and resulted in governments being re-elected.

The TaxFighter Award is given out by the CTF to those individuals who have shown a commitment to taxpayer emancipation. Previous recipients of the award include Alber-

ta Radio Host Dave Rutherford, *National Post* columnist Lorne Gunter, former Ontario Premier Mike Harris, Edmonton senior Patricia Ehli, former *Toronto Sun* columnist Linda Leatherdale and past CTF Board Chairman Andy Crooks, to name a few. ♦



Media interviews Rod Love and Jim Dinning shortly after presentation

Tour de Force

National Debt Clock Tour 2011

It started February 22nd at Mile 0 of the TransCanada Highway in Victoria, BC and wrapped up March 26th in Lunenburg, Nova Scotia. The National Debt Clock Tour crossed nine provincial borders, stopped in 71 communities and travelled over 10,000 kilometres. Over its 33 days on the road, the federal debt climbed \$3,661,643,836 – a pace of \$1,284 per second.

This commemorative section of *The Taxpayer* provides highlights of the campaign which wrapped up just as the writ was dropped on yet another federal election. During the campaign, Prime Minister Harper committed to balancing the federal budget by 2014 – a full year ahead of schedule. The CTF sought a commitment to balance the

budget – without raising taxes – and got one. Next up: the provinces.

To all of you that make campaigns like this possible: Thank-you! Together we are making a difference.

VICTORIA, BC: The restored Debt Clock is unveiled at a news conference February 22nd.



VICTORIA, BC: Clock begins its journey at Mile 0 of the TransCanada Highway.

Taxpayer.com
February 22, 2011

News

For Immediate Release

CTF Launches National Debt Clock Tour

- Campaign urges governments to cut spending and legislate balanced budget plans;
- Clock to travel 8,800 kilometres to nine provinces over six weeks.

VICTORIA, BC: The Canadian Taxpayers Federation (CTF) today took the wraps off its National Debt Clock at a news conference in Victoria, BC and announced a major national tour and campaign in support of balanced budgets.

The large aluminum clock which measures 6 foot 6 inches high and 12 feet long displays both the per second increase in public debt and the per person figure. A customized trailer has been built for the tour which allows for a rolling display of the clock.

"It's time to wake up," said CTF federal director Kevin Gaudet. "The last time the federal government ran deficits, they continued unabated for 27 consecutive years. We know from past experience that unless taxpayers demand lawmakers balance budget the country will once again spiral into prolonged deficits, a permanent increase in size of government and higher taxes to pay for it all."



VICTORIA, BC: BC Director Gregory Thomas addresses the media at news conference launching the cross Canada tour.

Taxpayers' group taking 'debt clock' on the road

BRIAN LILLEY
QMI Agency

As more than a dozen Conservative cabinet ministers and MPs spread out across the country to make government spending announcements, the Canadian Taxpayers Federation

play of Canada's national debt which will be pulled across the Trans Canada highway on a trailer.

Canada's national debt, not counting the debt of provincial or municipal governments, is \$559 billion, or roughly \$16,500 for every man, woman



VANCOUVER, BC: At press conference, Director of New Development Courtenay Vermeulen outlines new and interactive technologies incorporated as part of the nation-wide campaign.



VANCOUVER, BC: A day focused on B.C.'s debt, the CTF invited leadership candidates from both the NDP and Liberals to attend. Only Liberal leadership candidate – and now premier – Christy Clark attended and spoke of the need to “stop this clock.”



CANMORE, AB: Debt clock passes through Rocky Mountains.



KELOWNA, BC: BC Director Gregory Thomas (C) and National Communications Manager Scott Hennig (R) interviewed by Phil Johnson (L) on Kelowna AM 1150.



KELOWNA, BC: National Debt Clock on display at a breakfast meeting of the Kelowna Sunrise Rotary Club.

National Debt Clock Tour



NANTON, AB: Debt Clock numbers take off in front of Bomber Command Museum of Canada.



EDMONTON, AB: National Communications Manager Scott Hennig speaks to the media.



CALGARY, AB: Filming the Debt Clock in action.



GAS PUMP: We estimate \$1,600 spent in gas taxes during tour!



WINNIPEG, MB: Jen Smith expresses her thoughts on the size of the federal debt.



BRANDON, MB: Colin Craig (L) in front of the offices of the *Brandon Sun* preparing for a photo shoot and interview.



EDMONTON, AB: More than a few heads turned as the clock flew upwards at \$1,400 a second.



NORTH BATTLEFORD, SK: National Communications Manager Scott Hennig watches as *North Battleford News-Optimist* reporter John Cairns gets loaded into an ambulance after a bad fall on ice during an interview.



REGINA, SK: Media interview Prairie Director Colin Craig on what turned out to be the coldest day of the campaign.



WINNIPEG: Providing a not-so-subtle hint to provincial politicians of Canada's debt problems.

National Debt Clock Tour



KINGSTON, ON: National Research Director Derek Fildebrandt prepares for a TV interview.



REFREW, ON: Ken O'Day – chairman of the Rural Research Institute and founder of a local landowner organization – along with his friend sign the CTF's balanced budget petition.



Congratulations! You owe \$16,500 and counting

By Rick Volman
Posted 3 days ago

You there! Holding that newspaper. Your share of the federal debt is \$16,500 and somebody's going to want to collect that soon.

The prospect of that payback has Scott Hennig, Alberta director of the Canadian Taxpayers Federation, racing around the province towing a debt clock in an attempt to alert people to what his association believes is an alarming trend in federal spending.

"It's amazing how fast it's climbing," he said, during a brief pitstop in Fort Saskatchewan. "It's \$16,500 a person right now and that's not a small amount."

The association says since 2008 the federal government has run \$105 billion in deficits and pretty much put Canadians back to square one in terms of debt reduction.

"When we look at the last 10 years, from 1997 to 2008,"



BELLEVILLE, ON: Thousands of concerned citizens signed the CTF's balanced budget petition.

National Debt Clock Tour

Government doesn't want to see how much it owes

By Brian Lilley, Parliamentary Bureau

OTTAWA - You can smoke pot on Parliament Hill while the RCMP watches. You can even haul in a crane to hold up a giant TV for your rally. But don't you dare try to bring a small trailer showing the massive government debt onto the Hill.

The Canadian Taxpayers Federation, a spending watchdog group that has taken on governments of all stripes over wasteful spending, has been told they cannot



One of these things is allowed on Parliament Hill, the other is not. Simon Desrochers/Tony Caldwell/QM AGENCY

(R): The CTF unsuccessfully sought permission to bring the debt clock onto Parliament Hill. (A): Meanwhile, media pointed to the irony of pot smoking being permitted on the Hill while the debt clock was not.

Committee on the Use of Parliament Hill
c/o Canadian Heritage
Ottawa, Canada
K1A 0M5

Comité sur l'Utilisation de la Colline du Parlement
a/s Patrimoine canadien

2011-020
February 25, 2011

Mr. Derek Fildebrandt
Canadian Taxpayers Federation
513-130 Albert Street
Ottawa, ON K1P 5G4

Dear Mr. Fildebrandt:

This letter is further to your request of January 27, 2011 regarding the use of Parliament Hill on March 17, 2011 from 9:45 am to 10:35 am to bring public awareness to Canada's rising national debt by discussing the issue with the media and displaying the Canadian Taxpayers Federation's National Debt Clock.

The Interdepartmental Committee on the Use of Parliament Hill is responsible for the preservation of the beauty, dignity and national character of Parliament Hill, which is a National Historic Site. Individuals and groups are welcome to use Parliament Hill to make their views known. However, this must be done within the framework of the rules established not only to preserve and protect this national institution, but also to protect the people who visit and use the site.

The Committee has reviewed your request for permission to bring a large clock (considered a prop), as well as a generator, onto the Hill. Unfortunately, neither of these items are permitted on the Hill precinct. As such, your request has not been approved.

I regret that my reply could not have been more favorable for your activity.

Yours sincerely,

Nora Prud'homme
For the Committee on the Use of Parliament Hill



WHITBY, ON: National Research Director Derek Fildebrandt pays a visit to Finance Minister Jim Flaherty's constituency office.





National Debt Clock Tour



OTTAWA, ON: A news conference across the street from Parliament Hill on March 17th, marked the day when new borrowing by the federal government since 2008 wiped out \$105-billion in debt repaid over the previous 11 years. It proved to be the largest media event of the entire tour.



MONTREAL, QC: In front of the "Big O."



FREDERICKTON, NB: Atlantic Director Kevin Lacey interviewed on New Brunswick's debt at The Garrison Ale House.



FREDERICKTON, NB: With the New Brunswick government running a \$800 million deficit and a nearly \$10 billion debt, we felt MLAs needed a reminder and pulled out the Debt Clock in front of the legislature churning out provincial debt numbers.

Debt clock rolls into N.B.

■ Taxpayers federation says gov't spending problem needs to be addressed on eve of budget

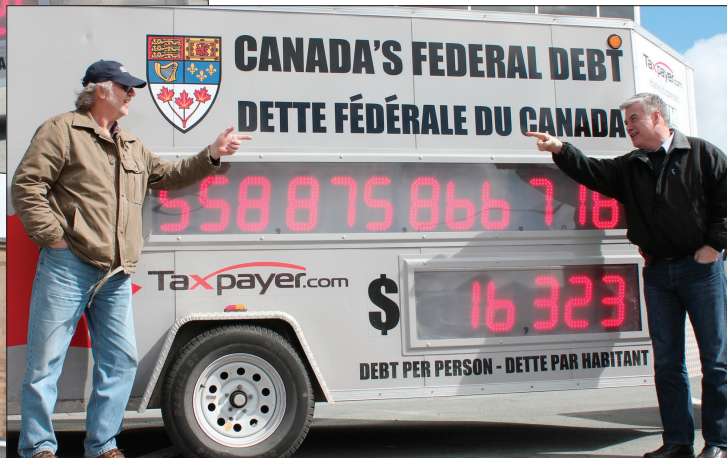
BY ADAM HURAS
TIMES & TRANSCRIPT STAFF



PEGGY'S COVE, NS: A group of Sea Cadets walked by the clock, one stopped and looked for a while and then said to his buddy: "at this rate... we're screwed!"



CHARLOTTETOWN, PEI: Atlantic Director Kevin Lacey with Debt Clock in front of Confederation House.



HALIFAX, NS: Talkshow hosts Rick Howe (L) and Jordi Morgan (R) of News 95.7 blame each other for the debt.

Taxpayer.com

News

For Immediate Release

Sunday, March 26, 2011

National Debt Clock Tour Wraps-up as Writ Drops

- Thirty-three days, 9 provinces, 71 communities, over 10,000 kilometres and \$3,661,643,836 further in debt
- Debt clock still spinning at \$1,284 per second as candidates hit the hustings.

LUNENBURG, NS: The Canadian Taxpayers Federation (CTF) wrapped up its Winter 2011 National Debt Clock Tour this afternoon in Lunenburg, Nova Scotia after travelling over 10,000 kilometres from the coast of the Pacific Ocean to the coast of the Atlantic Ocean.

"While the tour schedule was planned months ago, it turned out to be perfect timing," said CTF National Communications Manager Scott Hennig. "As candidates are hitting the doorsteps, we hope the Debt Clock put the issue of our debt and deficit in the minds of Canadians who will be grilling want-to-be MPs."



The Teddies

A Night on the Green Carpet with the Teddies

Award show season is predictable: the Golden Globes, Oscars, Grammys, Junos and Emmys. The red carpet is rolled out. Beautiful people pose for pictures. Boring speeches are given and someone makes an intoxicated remark to keep the tabloids humming for weeks to come.

The CTF's Teddy Waste Awards have only two consistencies: Porky the Waste Hater gets dressed up in his best tuxedo and taxpayers feel like they are going as crazy as Charlie Sheen. Except in this instance, no one is "winning."

This year's Teddies – the 13th annual – were no exception as all levels of government showered CTF offices with dozens of worthy nominees. Of course, only the worst wasters can make the list and so judges at the Academy of Taxers and Spenders had to make some difficult choices. Here are the highlights, err ... "low"lights:



by Derek Fildebrandt
Research Director

Federal Teddy

Road Trip (winner)

G8/G20 Costs

Nominated for: "Best picture of waste"

Production Cost: \$1.24 billion

This year's federal winner had it all: fight scenes on the streets, drama in crafting the generic communiqué and special effects that made Avatar look modest. With a total bill estimated to come in at approximately \$1.24 billion, Canada's hosting of the G8/G20 summits was the Academy's runaway favourite since word of a "fake lake" first emerged.

Several items already reported include: \$930 million for security, \$80 million for food and accommodation, \$85,000 for snacks, \$14,000 for glow sticks and \$300,000 for sunscreen and bug spray. Additionally, CTF researchers dug up \$103,000 worth of promotional items, including: \$84,000 for lapel pins, \$40,000 for engraved bamboo eco pens, \$4,000 for coffee mugs and \$17,000 for golf shirts.

Space (Meat) Balls

CanCon Space Food

Nominated for: "Best science fiction"

Production Cost: \$400,000

In this film, Agriculture Canada and the Canadian Space Agency embark on a program to create made-in-Canada meals for astronauts. Yet, after spending \$400,000, only cookies (called "Canasnacks") make it past NASA's food testing labs.

Despite the Canadian government's expensive efforts to inject "CanCon" into this NASA

“The CTF's Teddy Waste Awards have only two consistencies: Porky the Waste Hater gets dressed up in his best tuxedo and taxpayers feel like they are going as crazy as Charlie Sheen. Except in this instance, no one is 'winning.'”





The Teddies



production, the space agency decided to go with an off-the-shelf Canadian solution: Alberta beef jerky. With strong flavour and extended shelf life it was the perfect discovery in this exploration.

Hard at Work

Bureaucrat Porn Surfing

Nominated for: "Best love scene"

Production Cost: Priceless

What's harder than firing a unionized government worker? As it turns out – nothing. This film stars a Canadian Border Services Agency employee spending as much as five

hours a day viewing pornographic personal ads. When looking wasn't enough, the star of this love/waste story sent naked pictures of male genitalia using a government e-mail address. The film ends with the star being "disciplined," but keeping his job.

High Maintenance Woman

Public Works Maintenance Costs

Nominated for: "Best lighting"

Production Cost: \$550 million

In this film Public Works and Government Services pays Montreal-based SNC Lavalin \$550 million a year to manage 320 federal



The Teddies

buildings. The plot thickens when SNC Lavalin submits some rather curious invoices, including: \$1,000 to remove a light switch, \$5,000 to install six recessed lighting pots, \$2,000 for two potted plants and \$19,000 to clean two offices over two months

This tale of waste has the prized distinction of being the first ever nominee to be nominated *during* the Teddies, submitted by David Akin during the 2010 ceremony.

Ferris Lavigne's Year Off

Suspended Senator Expenses

Nominated for: "Best recurring role"

Production Cost: \$30,000

Suspended Liberal Senator Raymond Lavigne returns for a shocking sequel to an already impressively morbid film career. Even

“Even after being barred from the Senate in 2007 when charged with fraud and breach of trust, the Senator manages to rack up \$30,000 in expenses.”

after being barred from the Senate in 2007 when charged with fraud and breach of trust, the Senator manages to rack up \$30,000 in expenses. That is, expenses related to carrying out his duties as a Senator, even though he has no duties to carry out on account of being suspended.

Since the Teddies were held, the Senator was convicted of fraud and breach of trust and faces a maximum 14 years in prison. Upon conviction, Lavigne quit the Senate in order to protect his \$80,000 a year pension.

Provincial Teddy

The Office (winner)

Severance for Keeping Jobs

Nominated for: "Best cast"

Production Cost: \$56 million (maximum)

You know you've got it good when you get paid \$45,000 in severance without losing your job. In this satire, 1,250 Ontario tax collectors are paid up to a maximum \$45,000 each for changing their business cards from "Ontario PST Collector" to "Canada Revenue Agency HST Collector." With-

out missing a single day of work or having to move, these bureaucrats receive what adds up to a maximum payout of \$56 million, for being transferred from the provincial government to the federal government.

While Ontario nominees led this year's nominees, this brazen act of waste and public sector entitlement, coupled with the unapologetic reaction of the movie's antagonist Dalton McGuinty makes "The Office" a deserving recipient.

“You know you've got it good when you get paid \$45,000 in severance without losing your job.”





The Teddies

Legally Bombed

**Premier Dexter Bar
Membership Dues
Nominated for:**
"Best logical contor-
tion"
Production Cost:
\$10,600

This is the story of a come-from-behind kid who rises all the way to the top to become Premier of Nova Scotia. Even though he is busy running a province, he manages to find the time to remain a lawyer, billing taxpayers \$3,800 a year to pay his full bar dues. After charging \$10,642 since 2006, the premier finally bows to public pressure and agrees to pay his own dues.

The movie's most dramatic scene comes

Winning wasters

The G8/G20 spending boondoggle took top place at this year's Teddy Awards

Congratulations Edmonton city council!
Your decision to spend \$5,000 from city taxes on a haiku poetry-writing contest about the joys of riding the bus earned the Canadian Taxpayers Federation's annual award for municipal wastefulness.



Other municipal authorities across the country, though, gave Edmonton a run for its wasted money.

In Toronto, for example, the former head of the public transit commission blew \$2,400 on taxi chits. In Richmond, B.C., council paid \$59 million — or five times the market value — to preserve a berry-picking patch.

In Summerside, P.E.I., city council spent \$1.3 million of tax dollars to try to get a Michael Jackson tribute concert to come to their town. City council paid that money even after they

were warned it was a scam. No Michael Jackson tour ever came to town and now Summerside's spending even more tax dollars on legal fees trying to get the money back.

The examples of wasteful spending were part of the annual "Teddie" Awards handed out Tuesday by the Canadian Taxpayers Federation on Parliament Hill.

The CTF has been handing out the awards for 13 years.

"There doesn't seem to be much of a change," CTF President Kevin Gaudet said. "We don't seem to have a shortage of non-nations for year to year. We'd like to put ourselves out of business and stop having the Teddies."

Ontario Premier Dalton McGuinty won in his category for paying out millions in sever-

ance fees to provincial sales tax collectors who, the day after they got their provincial severance cheques, went to work in the very same offices as federal harmonized sales tax collectors.

The billion-dollar boondoggle of federal spending on the summer's G8 and G20 summits was a winner in the federal category. The CTF highlighted the thousands of dollars spent building a "fake lake" but also \$85,000 for glow sticks, \$300,000 for sunscreen and bug spray and \$17,000 for golf shirts.

The CTF also gave former Toronto mayor David Miller its lifetime achievement award for doubling the city's debt and increasing spending by 45%.

david.akin@summedia.ca



when the premier goes from paying the full \$3,800 fee for "practicing" status while taxpayers were paying, to opting for the \$250 a year "non-practicing" status once he had to pick up the bill himself. Wow. No one saw that twist coming!

Municipal Teddy

The Jester's Speech (winner)

Edmonton Haiku Contest

Nominated for: "Best abstract representation of waste"

Production Cost: \$5,000

In this documentary the City of Edmonton holds a contest for the best haiku poem on the most important of topics: riding the bus. Despite already paying an official city poet laureate \$5,000 a year to create poetry for the city, outside help was clearly needed.

The Academy of Taxers and Spenders prepared a haiku — at no cost — in appreciation of this most worthy municipal award winner:

*Strange city. Waste cash on poems.
On a bus. Rhymes with Edmonton*

Spadina Nights: The Ballad of Adam Giambrone

Public Transit Boss Takes Taxis

Nominated for: "Best chase scene"

Production Cost: \$2,400

No Teddies ceremony is complete without at least one nomination from serial heavy-weight contender, Toronto. Now disgraced Toronto Transit Commission chairman and City Councillor Adam Giambrone has starred in many a film championing taxpayer subsidies

The Teddies

to public transit – at least for everyone else. In this, his last picture filmed in 2009, the man in charge of Toronto's public transit system bills taxpayers \$2,400 for cab rides.

Smooth Criminal

Michael Jackson Tribute Concert Fraud

Nominated for: "Best Thriller"

Production Cost: \$1.3 million

Even after taxpayers paid more than \$1 million to bring Regis and Kelly to Prince Edward Island, the City of Summerside just

couldn't get its fill of celebrities. In this *Thriller*, Summerside taxpayers were scammed into paying \$1.3 million for a fraudulent contract to kickoff the world Michael Jackson tribute tour, which would allegedly feature Beyonce, Justin Timberlake, Rihanna and Usher.

After wiring \$650,000 to the promoter, the city wired a second, equal payment, even after red flags signalled that they had better *Beat It*.

This *Bad* use of taxpayers' money and Michael Jackson puns earned Prince Edward Island its first ever Teddy nomination.

Lifetime Achievement

David Miller

Every year the Teddies honour an individual or organization that has towered above the rest and is deserving of recognition for their lifetime body of work. Words cannot begin to describe the wasteful achievement of this year's winner, former Toronto mayor David Miller.

Since 2003, Miller grew the city's operating budget by 44% or \$2.8 billion, increased the city's net debt by more than \$1 billion and increased property taxes year-over-year, well above the rate of inflation. But Miller was not contented to be an old

fashioned tax and spend cowboy, he was determined to break the mould. In doing so, he introduced a host of new taxes including: a plastic bag tax, garbage tax, car tax, billboard tax and land transfer tax.



Photo: Flickr/Ben Lucier

After catering to the every whim of the unions that elected him, the 2009 garbage strike was a bridge too far for ordinary Torontonians. The tale of David Miller is a tragic one, but one with a happy ending as Miller leaves the city on the Gravy Train to Yuma.❖

“Since 2003, Miller grew the city's operating budget by 44% or \$2.8 billion, increased the city's net debt by more than \$1 billion

and increased property taxes year-over-year, well above the rate of inflation.”

Debt Lessons from Both Sides of the Atlantic

Should Canadians Remain Smug?

After an autumn of relative calm, protesters returned to the streets of Europe this spring. Debt-ridden governments from the U.K. and Ireland, to Italy, Portugal, Greece and Spain have imposed sweeping austerity measures, hoping to reassure anxious bondholders and avoid even harsher cuts – a guaranteed outcome if European central bankers or the International Monetary Fund should get involved.

Hundreds of thousands marched in the streets of London and hundreds were arrested after anarchists clashed with police, vandaliz-

Greek Riots: AP Photo/Nikolas Giakoumidis



Gregory Thomas

B.C. director

ing some of Britain's most historic landmarks, smashing storefront windows and spray painting slogans on iconic bronze lions guarding Trafalgar Square.

Canadians have every reason to pay attention as the raucous disintegration of the European welfare state plays out on the TV news channels – it's the logical outcome of decades of short-sighted tax-and-spend budgeting in capital cities from London to Lisbon, a story of ir-

responsible waste of taxpayer dollars as ancient as Athens and Rome.

In Greece, unions mounted another general



DEBT LESSONS

“Canada is already on the hook for its share of bailout money provided to Greece and Ireland, through a \$22 billion credit line the International Monetary Fund.”



strike in December after parliament narrowly approved another round of cuts, slashing wages at 50 money-losing publicly owned companies by 10%, capping top salaries at 48,000 euros (about \$64,000), and amending labour laws so hard-pressed private-sector employers can offer wage cuts instead of layoffs. Policed fired tear gas and Christmas shoppers fled public squares as strikers closed government offices and banks and halted international air travel for a day. The latest Greek austerity measures followed public-sector wage cuts of 15%, a steep hike in the national sales tax, a pension freeze and a higher retirement age.

In Italy, December saw the worst riots since the 1970's, with unemployment reaching 36% amongst 15 – 24 year-olds in the southern part of the country, as lawmakers voted on education reforms, rewarding universities with proven success preparing students for the job market and closing underperforming institutions. With Italy's universities trailing far behind the rest of Europe in research and development, leading Italian newspapers still called for more spending as militant students set fire to vehicles, smashed shop windows and destroyed police barricades.

Investors vote with their feet

But unless sceptical taxpayers in financially-responsible Germany have a sudden change of heart, the rioters and their supporters in the media are unlikely to get their way any time soon: international investors (the people who control your pension funds) are voting with their feet, selling off Euro zone government bonds and demanding higher yields to hold risky paper. Based on the interest rates that heavily-dis-

counted government bonds now yield, investors give Spain a 25% chance of defaulting on its debt, while Ireland and Portugal have a 30% risk of defaulting. For Greece, the odds are 50/50, if the opinion of bond investors (risking their own money and yours) is any indication.

There are some hopeful signs: Spain's deficit has fallen 46% from a year ago, after a host of spending cuts. But percentages don't tell the whole story: with an economy about 10% larger than Canada's, Spain sank deeper into deficit by \$145 billion last year, two-and-a-half times more than Canada.

Canada is already on the hook for its share of bailout money provided to Greece and Ireland, through a \$22 billion credit line to the International Monetary Fund (IMF). In December, the IMF and the European Central Bank agreed to lend \$113 billion to Ireland after that country spent \$40 billion to bail out its insolvent banking system. Ireland's borrowing is expected to reach a staggering 32% of the nation's entire economic output this year, roughly ten times the debt that Canada is taking on, in relation to its total economic firepower.

Canadians might be forgiven for looking at debt-riddled Europe with a bit of smugness. After all, in the ten years ending in 2008, the federal government actually paid off a sizeable chunk of our debt, reducing the amount owing from \$563 billion in 1997 to \$468 billion.

But all that progress has been washed away in less than three years. The federal debt alone

DEBT LESSONS

shot past \$563 billion this past March, reaching a new record.

If Europe's debt crisis has shown us anything, it's how quickly a rosy economic forecast can go out the window and how rapidly a nation can shift from prosperity to insolvency, when politicians turn away from sound fiscal management and turn to international bond markets as some kind of unlimited chequing account overdraft. Ireland's accumulated national debt stood at 50 billion euros in 2008, less than a quarter of its overall economic output that year. By the end of 2011, debt will have doubled to 112 billion euros, despite some of the toughest budget-cutting in Europe.

Sub-national governments make problem worse

On this side of the Atlantic, the state of California has been described as "a basket case." Incoming Governor Gerry Brown signed bills that cut the state's \$26.6 billion budget deficit to \$15.4 billion, slicing \$1.7 billion from health care funding, \$1.1 billion from the university system along with a host of other reductions, and transfers from reserves.

By comparison, Ontario's finance minister is projecting a deficit of \$16 billion this year – in

“California has been described as “a basket case.” Incoming governor Gerry Brown told legislators that California's deficit could hit \$28 billion this year, ... By comparison, Ontario's finance minister is projecting a deficit of \$16 billion ... But California's economy is three times the size of Ontario's.”

“Canadians might be forgiven for looking at debt-riddled Europe with a bit of smugness. After all, in the ten years ending in 2008, the federal government actually paid off a sizeable chunk of our debt, reducing the amount owing from \$563 billion in 1997 to \$468 billion.”

December, he banned the purchase of golf memberships, seasons tickets and unreceipted travel spending at government-controlled companies, saying “there is no public money for executive luxuries.”

But California's economy is three times the size of Ontario's. The state is home to some of the world's biggest and fastest-growing technology innovators – anyone familiar with Apple? – not to mention some of the world's wealthiest people. When lawmakers finally get serious about closing the budget gap, California taxpayers are in a far better position than their hard-pressed counterparts in Ontario.

At a first glance Quebec, with the highest tax rates in North America, might seem like a bastion of fiscal responsibility, with this year's deficit expected to come in a \$3.1 billion. But those sky-high taxes leave debt-ridden taxpayers no room to manoeuvre in the event of another economic

downturn. And California's economy is nearly six times the size of Quebec's, putting the cross-border deficit comparison in perspective.

If Canada wants to avoid the coming European lost decade – marked by hardship for pensioners, public sector job cuts, steep hikes in taxes and tuition, and deep cuts in government services, it's time to get serious about balanced budgets. And it's time to get governments – federal and provincial – out of the borrowing business, for good. ♦



BC Ferries passengers face 37% fare hike

British Columbia's ferry service got a tentative nod from regulators in March for a series of steep rate hikes, but the newly-appointed provincial transportation minister vowed to rein in the increase. The B.C. Ferries Commission approved a series of increases that would push up fares in stages by 17% on the main routes from Vancouver to Victoria and Nanaimo, beginning April 1, 2012. Fares to the Gulf Islands and the Sunshine Coast would climb 37% in the same period.

Blair Lekstrom, the transportation minister, called the increases "too high," adding "we are going to look at this and see what we can do to make sure our ferries are affordable. I'm going to look at every option available to us." Lekstrom is the same minister who quit Gordon Campbell's cabinet as well as the BC Liberal caucus in 2010 over the way the HST was introduced.

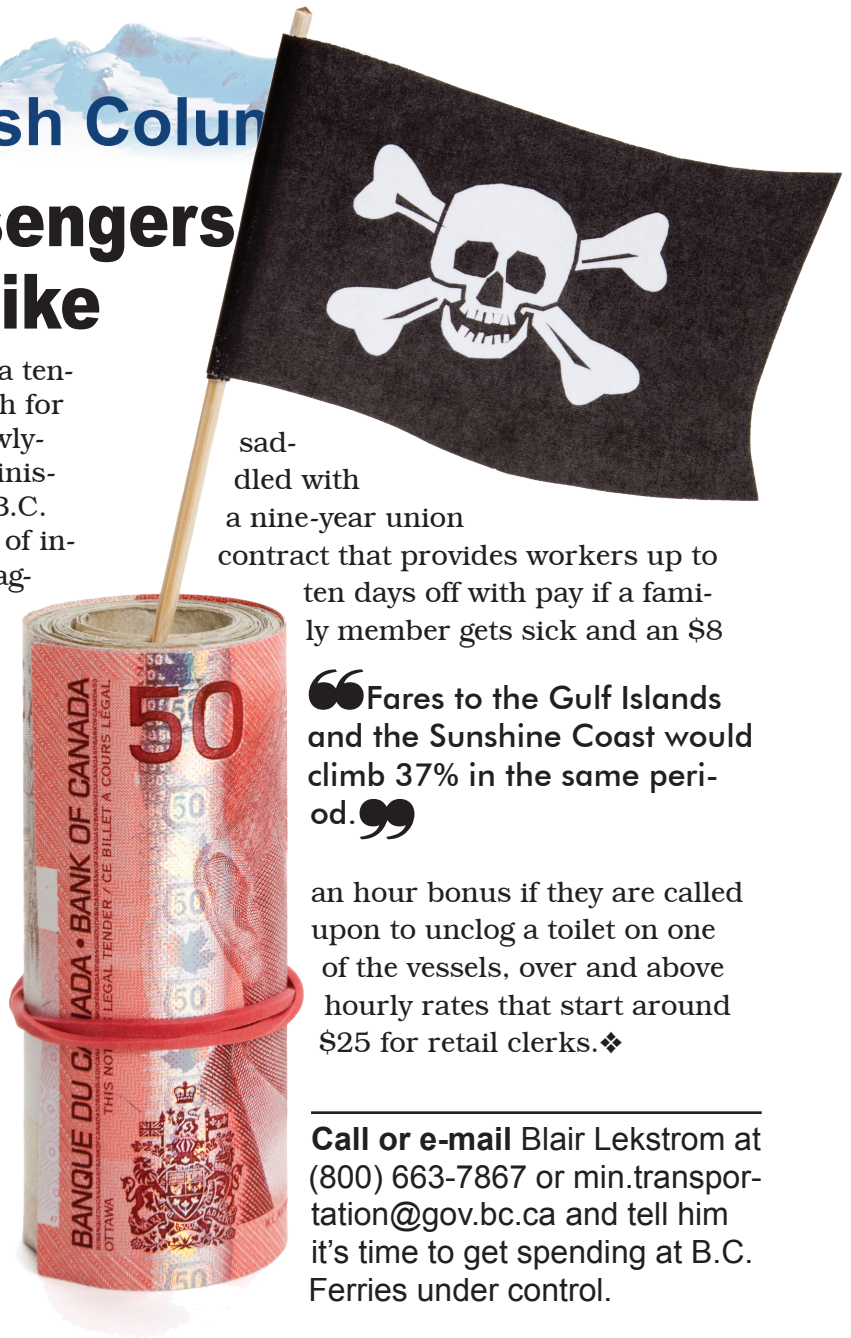
Costs at B.C. Ferries are on the rise. CEO David Hahn's salary has gone from \$228,000 when he got the job in 2003 to \$984,248 in just six years. Meanwhile, the corporation is

saddled with a nine-year union contract that provides workers up to ten days off with pay if a family member gets sick and an \$8

“Fares to the Gulf Islands and the Sunshine Coast would climb 37% in the same period.”

an hour bonus if they are called upon to unclog a toilet on one of the vessels, over and above hourly rates that start around \$25 for retail clerks. ♦

Call or e-mail Blair Lekstrom at (800) 663-7867 or min.transportation@gov.bc.ca and tell him it's time to get spending at B.C. Ferries under control.



New BC premier slams the brakes on Hydro rate hike

After using British Columbia's electric utility as a private piggy bank for nearly ten years under Gordon Campbell, the BC Liberals changed course in March. The new premier, Christy Clark, slammed the brakes on Hydro's application for a 50% rate hike over five years.

Hydro had planned to borrow \$4 billion to pay for transmission lines, powerhouses, turbines and infrastructure that never got built on Mr. Campbell's watch. That was after Campbell pulled \$3.4 billion

out of Hydro to cover day-to-day government operations, at the same time as he piled an additional \$5 billion in debt onto the public utility.



Gregory Thomas

B.C. director

Rich Coleman, Clark's newly-appointed energy minister, said he plans to sit down with Hydro executives, looking for a way to cover the interest payments from the spending spree without massive rate hikes. One possible solution: scrapping \$934 million in planned borrowing to pay for wireless electronic power meters, a contro-

British Columbia

versial purchase approved by the former premier.

Another alternative for the minister: ask taxpayers

how they feel about contracts that force them to buy so-called “green” power from wind farms, solar panels,

and run-of-river hydro projects and sell it at a loss to U.S. customers for the next 30 years.❖

HST referendum will be a mail-in ballot

Taxpayers will finally get a vote on the HST, nearly two years after the BC Liberals announced the new tax. Election-weary voters will get a break and so will the provincial treasury: Victoria plans to use a mail-in ballot, shaving \$18 million off the cost of the province-wide June 24 referendum.

The CTF is urging the government to cut the provincial portion of the HST from 7% to 5%. Cutting the HST would put \$300 to \$400 back into household budgets of hard-pressed B.C. families. And it might help the controversial tax to survive the referendum.



“The CTF is urging the government to cut the provincial portion of the HST from 7% to 5%.”

A recent poll shows 54% of voters would get rid of the HST the way it is now, and go back to the old provincial sales tax. Only 33% of voters would keep the 7% HST as it currently exists.

The BC Liberals need a 7% HST rate to pay for an expensive maze of exemptions, rebates and credits they adopted gave to satisfy special interest groups and lobbyists. The CTF wants a simpler, flatter and lower HST where everybody pays the same rate.❖

Call or e-mail finance minister

Kevin Falcon at (800) 663-7867 or fin.minister@gov.bc.ca and tell him to cut the province's HST rate from 7 to 5 per cent.

Here's an idea: a tax on people who don't work for government

The BC Liberals love to collect medical services plan (MSP) premiums. They hiked them 6% on New Year's day in each of the last two years and they're planning to do it again next January 1st, a total increase of 19% in just over two years.

Why is this tax hike so popular with the governing Liberals? One explanation is that MLA's don't pay

it themselves: it's 100% covered for them by taxpayers. In fact, nobody in the B.C. public service pays the medical service plan tax, a hefty charge that will rise in 2012 to \$1,536 for a family of four, up \$240 since 2009.

The only route to tax relief is to work for the government, a health authority or a school board. Otherwise, you'll face the wrath of

a tax collector no different than if you didn't pay your income tax. In Alberta, this regressive, anti-family tax was scrapped after the CTF led a strong and sustained campaign. It's time the BC Liberals got the message too.

Why should government workers get a \$1,536 tax break that the rest of us don't?❖

Alberta Budget Bleeding Red Ink

As the CTF warned in the last edition of *The Taxpayer*, Premier Stelmach's Christmas trial balloon to extend the "Back in Black" deadline of balancing the budget by 2012 to 2013, has come to fruition.

While the admission of the broken promise took a backseat to the announcement of his resignation (made at the same time), it's disappointing nonetheless.

This broken promise was confirmed when the 2011 Alberta budget was released. One year ago, the government was projecting a \$1.1 billion deficit in 2011-12. That projection has now tripled to \$3.4 billion.

Despite a massive increase in the size of the

projected deficit, the government still couldn't bring itself to actually reduce spending. In fact, operating spending rose by \$700 million and total expenditures are up nearly \$200 million.

This year's deficit coupled with deficits over the past three years will reduce the \$17 billion Sustainability Fund to \$5.3 billion by March 2012. But there's more. The government has also borrowed \$3.3 billion against the fund leaving only \$2 billion to finance the 2012-13 deficit and any other future deficits.

Alberta will pick a new premier in September. Hopefully he or she will take the issue of our burgeoning deficit seriously and tell the new cabinet to sharpen their pencils for spending cuts that need to happen. ♦

Edmonton taxpayers pony up for new arena

While dealings will likely continue for months or years to come, Edmonton city council voted in April to move ahead with negotiations with the Katz Group, owners of the NHL's Edmonton Oilers, for a new downtown arena.

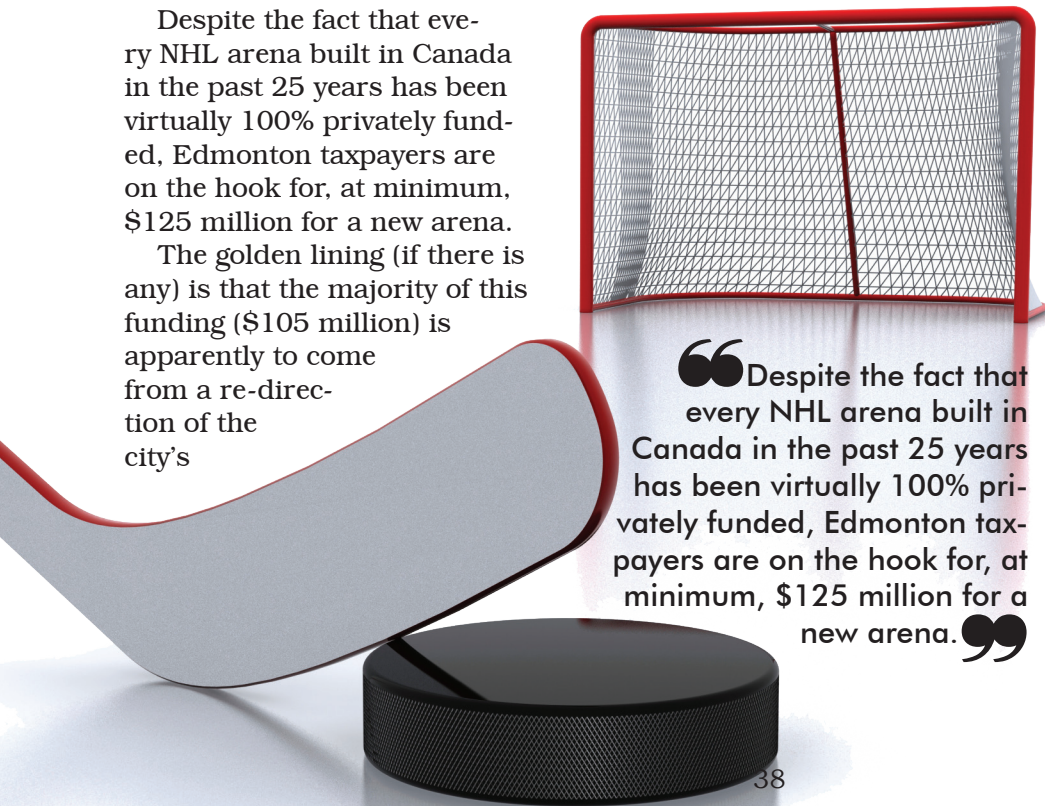
Despite the fact that every NHL arena built in Canada in the past 25 years has been virtually 100% privately funded, Edmonton taxpayers are on the hook for, at minimum, \$125 million for a new arena.

The golden lining (if there is any) is that the majority of this funding (\$105 million) is apparently to come from a re-direction of the city's

current subsidy to Northlands – operators of the current arena – and new parking revenues. The remaining \$20 million will be a direct and new subsidy from taxpayers using a phony shell game known as a Community Revitalization Levy.

However, this is far from a done deal. The Katz Group has only committed \$100 million of their own money, leaving at least \$225 million unaccounted. The city hopes the Katz Group will agree to a 7% ticket tax on events in the new arena to cover \$125 million of that total, but nobody knows from where the remaining \$100 million is to come.

Not surprisingly, taxpayers seem to be the first choice of many to cover the remaining \$100 million. The Conservatives in Ottawa have said they



“Despite the fact that every NHL arena built in Canada in the past 25 years has been virtually 100% privately funded, Edmonton taxpayers are on the hook for, at minimum, \$125 million for a new arena.”

will have no part in funding professional sports facilities, while the Liberals have said the exact opposite. Thankfully, Premier Stelmach has also ruled out provincial taxpayers footing any part of the arena bill.

Yet, anyone who has followed these arena deals in other cities know that cost-over runs, last minute shortfalls and tens – if not hundreds – of millions in public infra-



by Scott Hennig
Alberta Director

structure will undoubtedly end up on the tax bills of local ratepayers. ❖

Take Action: Edmontonians who don't want to see their tax dollars go to subsidize the for-profit business of a billionaire owner and millionaire hockey players should call the city's contact centre at 3-1-1 and let them know how you feel.

The tax grabs keep coming in Calgary

1% GST and 23.6% property tax hike proposed on top of \$42m tax grab

This past February, while speaking in Toronto, Mayor Nenshi floated the idea of a “penny tax.” The proposal would allow cities to raise and retain a one point increase in GST to build libraries, art galleries and recreation centres. Of course the money already being spent on these items will surely be put to other worthy needs like higher wages for city bureaucrats and public art installations at water treatment plants. Fortunately the “penny tax” is a proposal unlikely to see the light of day. Not so for property taxes.

After the release of the provincial budget this winter, provincial education property taxes for Calgarians came in \$42 million lower than the city had expected. With roughly a million Calgarians, that works out to \$42 each or \$168 for a family of four. But instead of letting Calgarians keep the \$42 million, the city jacked municipal property taxes by – wait for it – \$42 million.

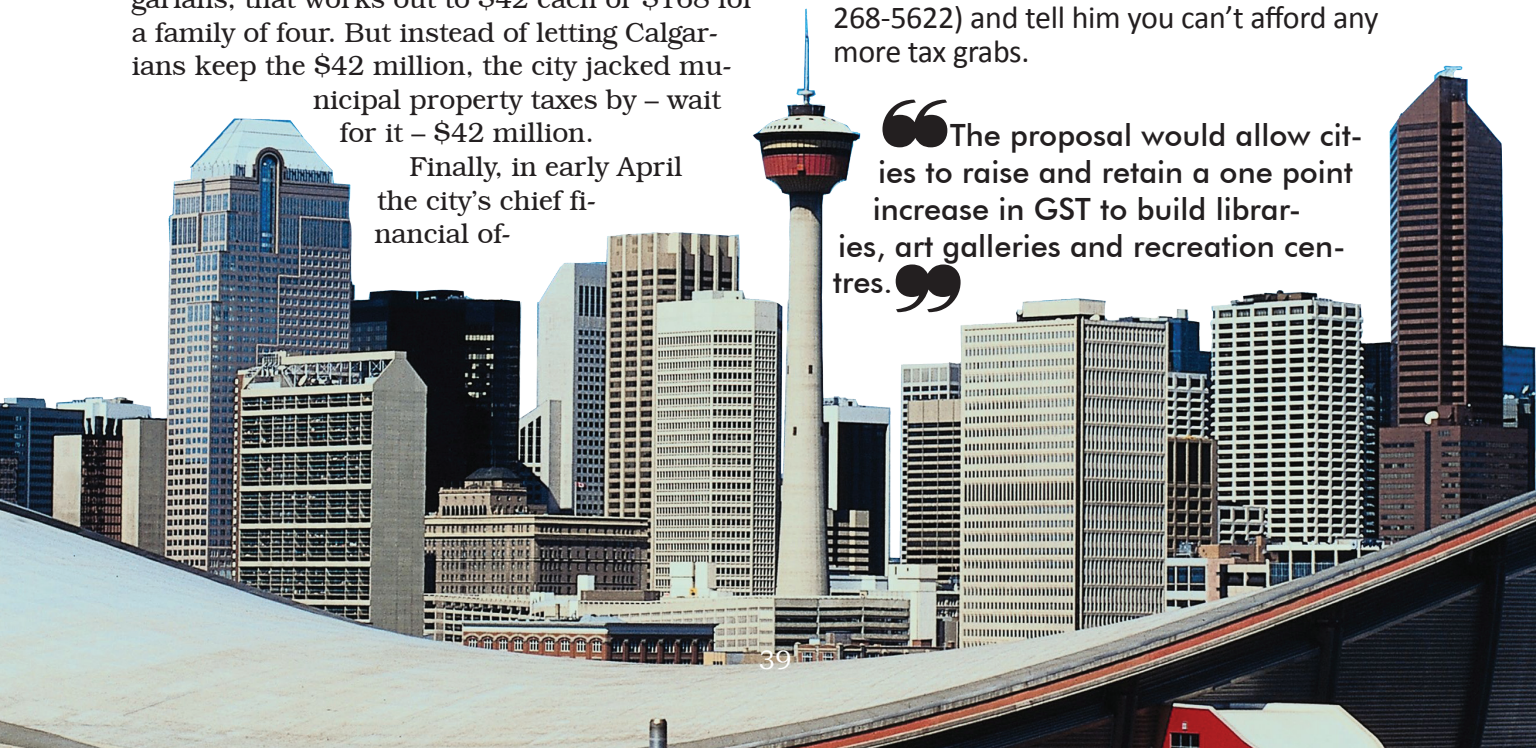
Finally, in early April the city's chief financial of-

ficer announced tax hikes of 8% in 2012, 7% in 2013 and 7% in 2014 would be needed just to maintain the current city spending plans. This 23.6% compounded tax grab over three years is likely just a scare tactic to make a 5% annual tax hike look ‘reasonable.’ In reality, with inflation in Calgary currently running at under 1%, even a 5% tax hike would be five times higher.

Fortunately, not all members of city council are on board for these tax grabs. Alderman Andre Chabot recently told the *Calgary Herald* “I say live within our means, keep the mill rate as low as possible and deal with the operating costs and then worry about what you can afford, as opposed to what you want to build.” ❖

Take Action: Call the mayor's office (403-268-5622) and tell him you can't afford any more tax grabs.

“The proposal would allow cities to raise and retain a one point increase in GST to build libraries, art galleries and recreation centres.”



Your Voice was Heard!

Each year the CTF sends out

an annual survey to supporters like you and uses the responses to help guide our advocacy efforts.

We're pleased to report that many of the concerns we raised on your behalf have been acted on by the Saskatchewan government in their latest budget. Below is a table that shows some of the recommendations the CTF presented to the minister of finance in a pre-budget meeting back in December and details on how the government responded.

And while we'll continue to push for the elimination of school taxes on property, a more aggressive debt repayment plan, greater spending restraint and a single rate 10% personal income tax (matching Alberta's rate), overall, this budget earns a big thumbs up!

You probably won't find a better budget in Canada this year. In fact, given all the turmoil in the U.S., it could be one of the best in North America.

To make sure the government knows you appreciate its efforts to reduce taxes and re-







Prairie Director Colin Craig being interviewed by the media in the Saskatchewan Legislature



by Colin Craig
Prairie Director

“You probably won't find a better budget in Canada this year. In fact, given all the turmoil in the U.S., it could be one of the best in North America.”

tire the debt, give Minister Krawetz a call at 787-6060 and tell him “good work.” But don't forget to remind him there's more work to do in order to close the tax gap with Alberta, control spending and pay down the debt. ♦

CTF Recommendation	Government's 2011 Budget
School Taxes – follow through on Throne Speech commitment to reduce school property tax burden from 37% of total K-12 funding to 33%	
Basic Personal Exemption – increase the basic personal exemption from \$13,535 to \$15,000 by 2013	Increased by \$1,000 to \$14,535 this year – way ahead of schedule.
Small Business Income Tax – reduce the rate from 4.5% to 2.5% by 2014	 Reduced to 2.0% this year – more than what we asked!
Balance the budget	 Surplus of \$115 million
Pay down the debt	 \$325 million for debt repayment

Surprising Sick Leave Data

Considering all the “new” and “improved” pharmaceutical products coming online, one might presume the amount of sick days taken by government employees

would be dropping. Unfortunately for Saskatchewan taxpayers, provincial government data shows the opposite is happening.

Data obtained by the Canadian Taxpayers Federation shows that the average provincial government employee took more sick days in 2009-10 than in 2008-09. Sick leave taken per full time position increased from 10 days to 10.4 days. Overall costs for sick leave taken by employees in various ministries increased \$2.4 million or approximately 7.9%.

The Ministry of Corrections and Public Safety led the way with 14 sick days per full time

position.

Statistics Canada data for all workers in the province, not just government employees, shows the average worker took 8.1 sick

days in 2008 and 8.2 days in 2009.

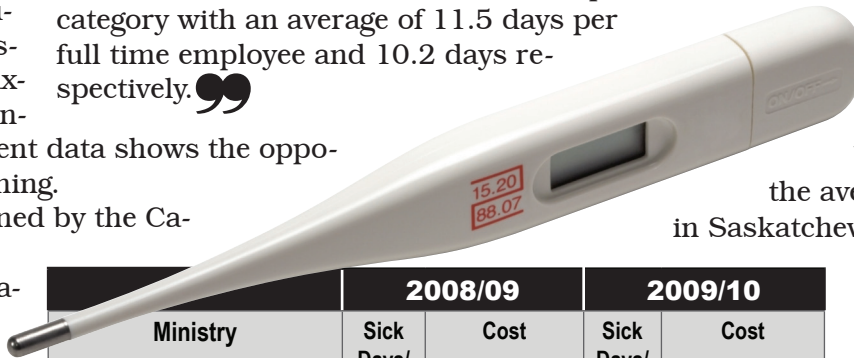
In other words, if the province could get its sick leave numbers in-line with the average employee

in Saskatchewan, it could save about \$7 million per year.

However, those numbers are just for employees working for government ministries. Once you include sick leave costs for school boards, health regions and crown corporations, total sick leave costs increase even more.

While we weren't able to obtain complete data for all of those additional provincial government bodies, we do know that Sasktel and STC led the crown corp sick leave category with an average of 11.5 days per full time employee and 10.2 days respectively.❖

“Sasktel and STC led the crown corp sick leave category with an average of 11.5 days per full time employee and 10.2 days respectively.”



Ministry	2008/09		2009/10	
	Sick Days/FTE	Cost	Sick Days/FTE	Cost
Advanced Ed & Employment	9.8	1,612,414.10	10.0	\$1,666,980.00
Agriculture	7.2	1,045,113.62	6.9	\$973,209.86
Corrections & Public Safety	13.7	6,301,071.98	14.0	\$6,886,317.61
Education	8.7	848,022.70	8.0	\$823,532.89
Energy and Resources	8.6	602,051.34	9.6	\$723,932.71
Enterprise & Innovation	9.9	139,612.75	-	-
Environment	8.1	2,006,768.90	8.4	\$2,178,118.64
Executive Council	4.2	152,887.74	4.5	\$203,030.51
Finance	8.6	1,068,176.27	9.2	\$1,165,169.13
First Nations & Metis	9.5	182,887.84	12.2	\$293,765.50
Government Services	10.4	1,733,628.46	10.0	\$1,730,984.28
Health	9.7	1,714,638.87	9.6	\$1,789,890.99
Highways & Transportation	9.8	3,129,420.87	10.7	\$3,521,210.96
Information Tech Office	8.5	860,463.81	10.2	\$989,260.42
Intergovernmental Affairs	10.8	89,074.70	5.6	\$39,704.26
Justice & Attorney General	9.0	2,211,378.36	9.6	\$2,583,247.45
Municipal Affairs	9.6	376,924.45	9.1	\$374,854.50
Office of Prov Secretary	6.6	53,041.60	7.9	\$78,834.23
Public Service Commission	7.9	844,975.44	8.8	\$959,521.81
Social Services	10.9	5,180,164.03	11.2	\$5,508,571.43
Tourism, Parks, Culture	6.8	687,363.88	7.8	\$779,089.30
Avg Sick Days/Total Cost	10.0	\$30,840,081.71	10.4	\$33,269,226.48

Note: Sick days/FTE represents the average number of sick days taken per full time equivalent position in each respective ministry



Budget Bomb

The Manitoba government tabled a budget that all Toronto Maple Leafs fans can relate to – *maybe next year* the government will end bracket creep, work towards reasonable tax rates, control spending and do something about the deficit. They certainly didn't do anything about it this year.

Yes, once again, spending is up by a sky high amount – 5.5% over last year's budget plan. The high increase in spending will result in a \$510 million deficit and high tax rates for Manitobans again in 2011.

Oddly enough, the province tabled a very modest personal income tax relief plan back in 2007, pulled it in 2009, and hasn't said boo about it since. Their plan included an election promise to reduce the lowest tax rate to 10.5% by 2011 (currently at 10.8%).

Yet this year, they announced a brand new plan to increase the basic personal exemption by \$1,000 over the next four years.

Increasing the basic personal exemption is a good thing, but why should we believe this promise if they didn't keep their last promise? Further, one can't forget that a good portion of the savings from reducing the basic per-



by **Colin Craig**
Prairie Director

sonal exemption will be eaten up by bracket creep.

For those who need a quick refresher, bracket creep occurs when tax brackets and rates aren't adjusted for inflation. In short, when a tax system isn't adjusted for inflation, as someone's income rises, more and more of it is taxed at a higher rate. Unfortunately, Manitoba is still one of only three provinces that has yet to put an end to this stealth form of taxation.

It wasn't all bad news though. The government did increase the school property tax credit from \$650 to \$700 and will increase the farmland rebate from 75% to 80%. Unfortunately, the education property tax credit won't help with school tax bills on cottage properties and commercial properties.❖



Coming Down the Pipe

Following a tip that some health care bureaucrats had been dining at posh restaurants for their Christmas parties, the CTF filed information requests to see how much each hospital/regional health authority in the province spent on their Christmas parties. The results have been trickling in; thankfully most bills don't seem over the top. However, at least one of the responses will probably get your blood boiling. Visit Taxpayer.com in the coming weeks to see the results for yourself.❖

A Look At Manitoba's Provincial Debt (\$ billions)

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Total borrowings, guarantees & obligations (\$ billions)	\$16.126	\$18.104	\$19.410	\$21.076	\$22.976	\$25.161
Less Hydro Debt	\$5.966	\$6.449	\$7.177	\$7.479	\$8.198	\$8.663
Total Not Including Hydro	\$10.160	\$11.655	\$12.233	\$13.597	\$14.778	\$16.498

Source: page 22 provincial budget

Cash for Car Thieves

Fasten your seatbelts for this revelation. If a punk steals your car, smashes it up and gets injured in the process, he or she will get compensation from Manitoba Public Insurance (MPI).

No, we're not talking about the thief's health care bills, but actual cash to compensate them for their injuries.

One car thief recently confessed he was given between \$30,000 and \$60,000 after getting into an accident with a stolen car. His buddy, who was along for the ride, received a payment of about \$10,000.

Incredibly, MPI also conceded it will sometimes pay to fly in a criminal's family members so they can be with them in the hospital.

The opposition tabled a bill back in 2008 that would have ended the payouts, but the government voted it down. Incredibly, then justice minister Dave Chomiak considered the bill "Tory meanness."

Funny, most people call it common sense.

Thankfully, since the issue resurfaced this past March, the government has had a sudden change of heart. They have indicated they will introduce legislation to discontinue the benefits. Go figure, it's an election year.❖

“One car thief recently confessed he was given between \$30,000-60,000 after getting into an accident with a stolen car.”

BiPole Boondoggle Continues

By now you have probably heard how the Manitoba government is forcing Manitoba Hydro to build its next major power line along the west side of the province instead of the eastern route (approx. 500-km shorter.)

Well, an interesting thing happened not too long ago with the estimate for the project. Consider this timeline of events.

2007 – Manitoba Hydro indicates the longer west side project will cost \$2.2 billion

2011 (Jan. 26) – The CTF indicates in a column circulated to newspapers province-wide that we heard from good sources that the cost of the Bi-pole III project had risen to approximately \$4 billion

2011 (Jan. 29) – Finance Minister Rosann Wowchuk (minister responsible for Hydro) indicates in the *Winnipeg Sun* that “Four billion dollars is a number picked out of the air. I can tell you that’s not a number which has been discussed.” Incredibly, she even claimed that the project could still come in under \$2.2 billion.

2011 (Jan. 31) – CTF receives and releases a leaked Hydro document showing the project is expected to cost \$4.1 billion. The document comes with a note indicating that Hydro is now in the process of trying to shift costs around.

2011 (March 31) – Hydro releases a new revised estimate of \$3.3 Billion

Your CTF continues to work with retired Hydro employees, UofM engineering professors and many others to raise awareness about the project.



Walking on Sunshine

As the McGuinty Liberals grapple with soaring debt, some Ontarians are walking on sunshine. Who wouldn't start to feel good with a six-figure salary? The 2011 Sunshine List of Ontario bureaucrats earning over \$100,000 added 7,697 new names, bringing this year's total to 71,478. Walking on Sunshine, the 1983 song by Canadian one-hit wonders Katrina and the Waves popularized the term "feel the love." Topping the list of those with that groovy feeling is Tom Mitchell, president and CEO of Ontario Power Generation, who will take home \$1.325 million this year. With so many Ontario bureaucrats feeling the love these days, voters might be planning another 'feel the love' type event when election time comes around this fall.

If Florida is the sun-



Gregory Thomas



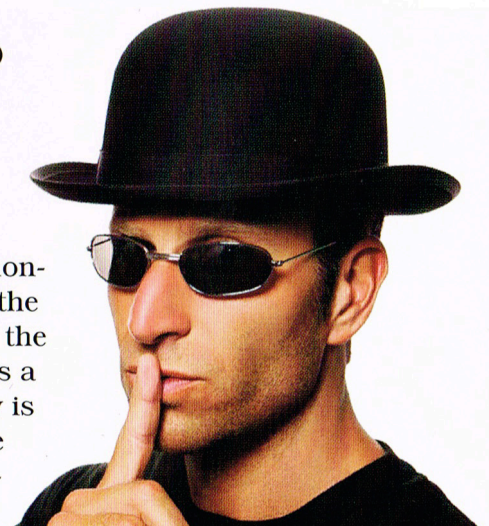
shine state, is Ontario the sunshine province?

If reading Ontario's Sunshine List weren't painful enough already, consider two names amongst the 71,478 lucky bureaucrats who took home over \$100,000 last year, courtesy of the provincial taxpayer. Former deputy minister of health Ron Sapsford took home \$762,000 in 2010, even though he left the job in January in the wake of the scandal over eHealth, the province's controversial electronic health records management agency. Sarah Kramer, the former chief executive of eHealth, took home \$107,000 in 2010, even though she left her post on June 2009. Ontario's health minister couldn't explain why either name is on this year's list, or what services taxpayers received in exchange for the \$869,000.❖

“Former deputy minister of health Ron Sapsford took home \$762,000 in 2010, even though he left the job in January in the wake of the scandal over eHealth, the province's controversial electronic health records management agency.”

Is taxpayers' money being paid to silence whistleblowers?

Rising severance payments reflect a worrisome and costly trend in government: departing government employees are made to sign a binding contract in exchange for severance payments funded by taxpayers. In exchange for the money, government workers must agree not to discuss the terms of the package. And too often, they're forced to agree never to criticize the government, former colleagues or supervisors. The alternative is a lengthy, humiliating and expensive court battle. Once the money is paid, politicians refuse to answer legitimate questions about the hush money, citing "legal privilege" and their own "confidentiality agreements."❖



Ontario Budget 2011 – McGuinty piles on the debt

Ontario Premier Dalton McGuinty's government will borrow another \$16 billion this year, pushing the free-spending premier's total borrowing to \$118 billion since he took office in October 2003. The province expects to owe roughly \$258 billion by the end of the current fiscal year.

With a provincial election coming this fall, Finance Minister Dwight Duncan offered no plan of his own to tackle runaway spending. Instead, he's hired former bank economist Don Drummond to come up with a plan to reduce the deficit.

Taxpayers beware: Drummond's ideas for cutting the deficit in the Maritimes include a whopping hike in the HST – an answer that's been attempted in Europe, where HST-type taxes have soared to as high as 25% and 30%.

Spending has shot up 67% since McGuinty became premier: he plans to spend \$124 billion in the coming year – \$50 billion more than the previous Conservative government

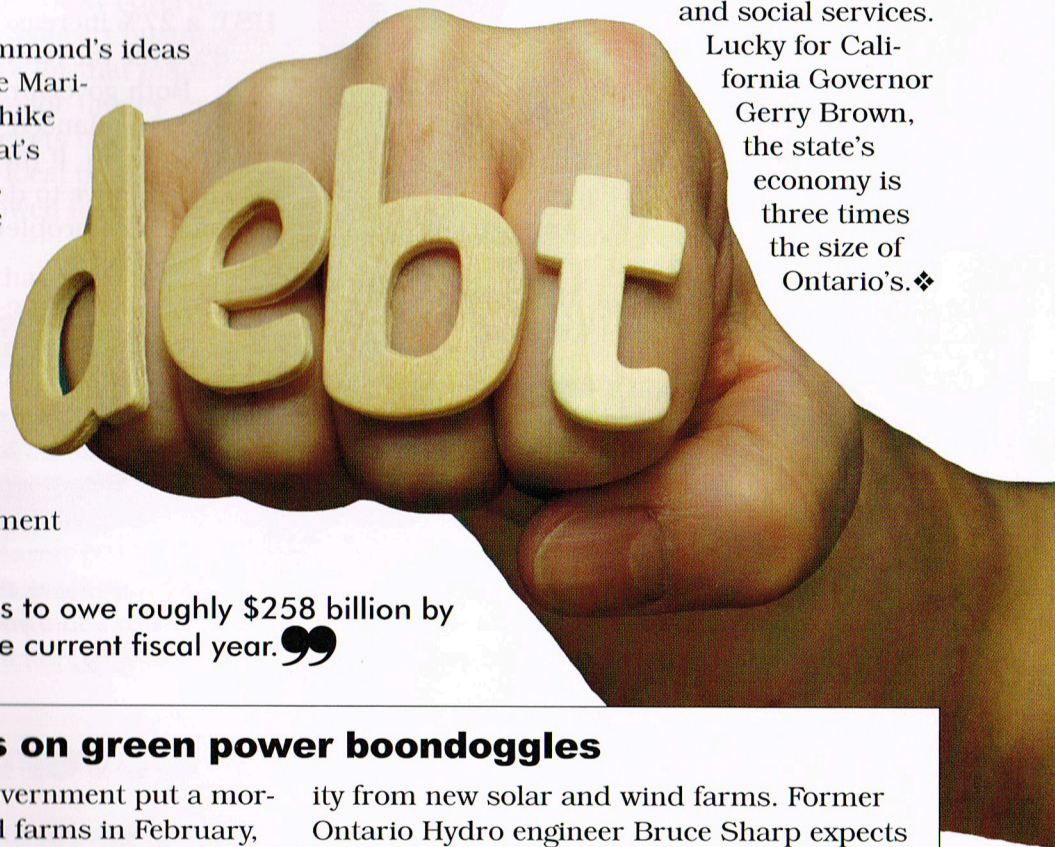
spent in its final year.

McGuinty is in a tough spot: despite breaking the Canadian Taxpayers Federation pledge not to raise taxes – a pledge he signed in person for the TV cameras while campaigning – his burgeoning credit-card balance is out of control: interest charges will top \$10 billion this year: more than the combined budget for universities, colleges and highways.

In the U.S., California is also grappling with a \$16 billion deficit this year, with state lawmakers debating massive cuts to education

and social services.

Lucky for California Governor Gerry Brown, the state's economy is three times the size of Ontario's. ♦



“The province expects to owe roughly \$258 billion by the end of the current fiscal year.”

An ill wind blows on green power boondoggles

When the McGuinty government put a moratorium on offshore wind farms in February, it may have finally marked a turning point for the green energy boondoggle. McGuinty's energy minister Brad Duguid says the province needs more time to study the effects on human health and the environment from building the massive windmills in Lake Ontario.

The province is already committed to pay up to 20 times the going rate to buy electric-

ity from new solar and wind farms. Former Ontario Hydro engineer Bruce Sharp expects the subsidies will cost consumers somewhere between \$4.1 billion and \$5.6 billion over the next 20 years. As spending on green projects begins to hit homeowners in the pocketbook – the market for high-priced windmills is drying up: the world's biggest maker of windmills is shutting down five plants in Europe and laying off 3,000 workers. ♦

NS & NB Budgets Fail to Address the Real Problems

Facing huge deficits, declining population and increased pressures on the health and education systems, the Nova Scotia and New Brunswick government's faced big challenges with their budgets.

In New Brunswick over the last four years, the previous Liberal government increased spending by \$1.7 billion and passed on a deficit of over \$800 million. These are huge numbers for a province of 750,000 people.

Yet, rather than deal head-on with the problems of over-spending, the government took a more tepid approach. Though they claim to have cut \$220 million, the "savings" are just about the same as the amount over-spent from last year's budget.

The CTF is pleased that the government answered our pleas for them



by Kevin Lacey
Atlantic Director

province a fair ways in dealing with its huge debt and deficit problems. The deficit is expected to go from \$820 million this year to just about \$440 million next year.

Nova Scotia meanwhile had decided to hike taxes to deal with their almost \$400 million budget shortfall in 2011-12. Since the NDP took over government in 2009, Nova Scotian's will pay \$400 million more in total HST, a 27% increase. Income taxes climbed 8% over the same period.

Both governments have promised to deliver a balanced budget before the end of their term. If they are to reach this goal they'll have to deal with the main culprit of all the problems: government spending.❖

not to raise the Harmonized Sales Tax (HST) despite lobbying by business groups in the province and ominous musings by the premier and finance minister.

Nonetheless, tax revenue will still be the primary driver of deficit reduction with revenues up 7.1% over last year and expected to rise a further 2.1% next year. Most of the new revenue are the result of a 2.9 cents per litre increase (3.3 cents if you include the HST) in the provincial gas tax. This means the average family will pay an extra \$85 a year per car in fuel taxes alone.

The good news is the budget will get the

“This means the average family will pay an extra \$85 a year per car in fuel taxes alone.”

Governments Get Rich

The Harmonized Sales Tax (HST) in the Maritimes (15% in Nova Scotia and 13% in New Brunswick) is charged on top of the regulated price of a liter of gasoline. There are two problems with this: 1) the regulated price of gas includes a significant tax component already so the HST is a tax on a tax; and 2) because the HST is a percentage of the sale

Secret Deals, Secret Accounts, Secret Meetings

Halifax City Hall has been consumed by a scandal that has some city councillors calling for Mayor Peter Kelly's head.

It has been discovered that Kelly, along with the city's CAO, met in secret with a concert promoter. Shortly afterwards, the city loaned the promoter \$400,000 to help him put on shows by the Black Eyed Peas and country music star Allan Jackson.

What ensued demonstrates why governments have no place in the concert business – or any other private venture for that matter.

Neither of the concerts made money. In fact, the concerts sold so few tickets that the promoter went bankrupt and local businesses that serviced the concerts are owed hundreds of thousands of dollars.

And what happened to that \$400,000 loaned by the city to the promoter? Well, taxpayers are out that money. What's worse, no one knew the city had ever loaned the money in the first place. City council never approved the loan – the money was taken out of an account for something else.

The Chief Financial Officer only found out about these payments in March 2011, even though the money had been transferred back in June of 2010. This revelation resulted in a four hour City Council meeting – also held



in secret – to discuss the issue before anyone even told ratepayers what had happened to their money.

Council has asked the city auditor general to look into the issue and it's expected that he will make recommendations to ensure this does not happen again.

There is a simple way to prevent something like scandal-palooza (as the Maritime talk radio station has labelled it) from happening again – don't make deals in the dark that could never bear the scrutiny of daylight.❖

Off High Gas Prices

price, the government gets a windfall when the price goes up.

At the end of March 2011, gas stood at \$1.304 for regular unleaded gasoline in Nova Scotia and \$1.28 in New Brunswick.

If gas prices remain this high, governments stand to make millions. In Nova Scotia, the government would collect well over \$30 million more in tax revenue. Similarly, a New

Brunswick newspaper calculates that they will rake in over \$27 million more.

Given that over 35% of a liter of gasoline is made up of taxes, governments are already getting a hefty share and should not benefit from high world gas prices.

The proffered solution – consume less gas – is cold comfort to the average taxpayer.❖

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